

RECLAIMING CALIFORNIA'S HOUSING FUTURE

The Catalyst Report

KEY TAKEAWAYS FROM THE CENTER FOR CALIFORNIA REAL ESTATE'S SUMMIT

Mapping the Future
of California:
How and Where Will
Californians Live?

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Delivering Solutions for
California's Top Housing
Challenges

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Fixing Housing Supply
at Regional and
Local Levels

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CENTER FOR CALIFORNIA REAL ESTATE

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About the Center for California Real Estate:

The Center for California Real Estate (CCRE) is an institute of the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). Its mission is to advance knowledge via the production of new research in combination with varied partners, to spur innovative thinking about key issues facing California and the real estate industry, and to extend C.A.R.'s influence via intellectual engagement with different audiences, diverse stakeholders and new external partners.

Launched in 2015, the Center increasingly serves as a nexus for multi-disciplinary thinking aimed at solving some of the state's most challenging issues. Bringing together key experts from a variety of fields, from academics to policymakers to industry, the Center produces new knowledge and serves as a key resource about housing issues for all C.A.R. members, external entities, the media and the public.

We hope you find value in the Center's activities and encourage you to share our work with your colleagues and clients.

Sincerely,



Joel Singer, CEO,
CALIFORNIA ASSOCIATION OF REALTORS®



Anne Framroze, Senior Vice President,
CALIFORNIA ASSOCIATION OF REALTORS®
and Director, Center for California Real Estate

Introduction

Welcome to the Catalyst Report. A product of the Center for California Real Estate's recent Real Estate Summit, the Catalyst Report is designed to disseminate the wealth of innovative solutions produced at a meeting of the state's foremost policy experts and key decision makers in a concise, practical format accessible to all California REALTORS®.

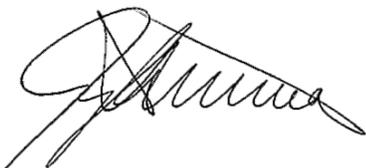
The Real Estate Summit brought together 24 panelists and three moderators from a disparate field of professions spanning the gamut of housing-related issues and representing jurisdictions throughout the state.

But the remit of this year's Summit expanded beyond traditional issues of supply and affordability, a result of it becoming increasingly apparent that California's housing issues have far-reaching consequences beyond the question of homeownership.

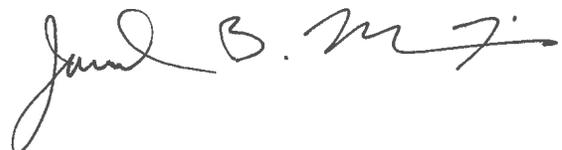
For example, according to Federal Department of Housing and Urban Development, more than one-quarter of the total homeless population nationwide lives in California, roughly 114,000 people. Livability issues such as homelessness, displacement, transportation and public health all intersect with our state's housing crisis, and solutions will need to be conceived at all levels of government — where serious policy changes are long overdue. Addressing these issues in a holistic manner was a key priority for the Summit, as was embracing the notion of innovative, out-of-the-box housing solutions.

This report is designed to be used as a resource for stimulating positive housing action within REALTORS®' own communities, including business, political and social circles. We encourage you to treat each objective as a basis for further research and discussion — reading, absorbing and ultimately becoming the catalyst for change in your community so that California can reclaim its housing future.

Sincerely,



Steve White, 2018 President and host,
CALIFORNIA ASSOCIATION OF REALTORS®
The 2018 Real Estate Summit



Jared Martin, 2019 President,
CALIFORNIA ASSOCIATION OF REALTORS®

CCRE & UC Berkeley: A New Partnership

During the Summit opening session, Carol Galante, I. Donald Turner distinguished professor in affordable housing and urban policy and the faculty director of the Turner Center for Housing Innovation, announced a new working paper series partnership between the Turner Center and the Center for California Real Estate.

The partnership will result in the production of five separate working papers authored by some of the nation’s leading housing academics, to be released in the 2019 academic year.

Papers will be based on results from a comprehensive survey of planning professionals conducted by the Turner Center and completed in 2018 on behalf of the California Department of Housing and Community Development, which asked questions about land use regulations and barriers to development in each respondent’s jurisdiction.

“We’ll be inviting top researchers to explore topics ... including things like the type and amount of housing that’s actually been produced because we have some results from that in the survey,” Galante said.

Topics covered may span: Patterns of racial segregation that still exist in California, the relationships between sustainability and environmental goals and housing/land use patterns, and economic growth and its impact on the productivity of regions. Galante added, “We’re very excited about this partnership.”

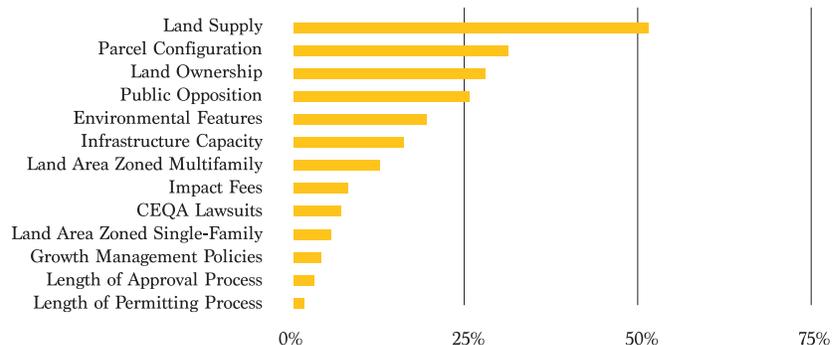
Galante shared some high-level findings from the survey with attendees of the Summit, an example of which can be found below.



Carol Galante, Director of the Turner Center for Housing Innovation, UC Berkeley

How Do Planners Think About Land Use And Housing Constraints?

How often do planners consider the following factors major or severe constraints to residential development?



TURNER CENTER FOR HOUSING INNOVATION UC BERKELEY

Senator Scott Wiener: Legislative Priorities for Housing

During a lunchtime keynote session at the Real Estate Summit, State Senator Scott Wiener outlined his policy vision for improving housing affordability in California in 2019 and beyond, detailing his key priorities for the next legislative session and how he intends to overcome NIMBY sentiments and spur increased housing production.

1

Streamline Complicated and Bureaucratic Review Processes

“Over the years, both at the state level through CEQA and at the local level through things like conditional use, discretionary review, different ability to appeal, we’ve layered process upon process upon process to the point where ... I’m a believer in process and community engagement, but that doesn’t mean that it should take three, four, five, 10 years to approve a zoning-compliant project.”

2

Increase the State’s Control Over Housing Policy

“When you look at housing, it’s really the only major foundational policy area that I can think of where we have for many years said let’s have pure local control; have either no state involvement; or we’ll have some state standards that have no enforcement and no teeth ... where we need to get with housing, in my view, [is] where the state sets enforceable parameters, standards and local control exists within those standards.”

3

Reform Zoning

“Zoning. That’s an issue I tried to tackle this year, and we had a little conversation about it and didn’t move forward. We’re continuing to work on it, and we’re not going to give up. Zoning is in some ways at the root of almost everything, which is why it is so controversial. Cities really guard that prerogative to say we get to zone.”

4

Prioritize Sustainable Development

“We have to make sure, as we’re adding these millions of homes, that we’re doing it in a sustainable way. And that means focusing in or near job centers, on or near public transportation. We can’t just do what we’ve done for so long, which is to build further and further and further and further out.”

5

Start Action Now

“It could take decades to see a really significant change ... But even if it does take decades to solve, why wouldn’t we start today? Even if we’re going to struggle in our generation, and we need to do everything we can to reduce that struggle, why not start today so that our kids and our grandkids don’t have the same struggles?”



State Senator Scott Wiener

Panel: Mapping the Future of California: How and Where Will Californians Live?

Featuring a disparate array of thought leaders, this panel focused on discussing current livability trends and demographic patterns in California, with an eye toward ascertaining how the state's population will live and work in the future.

Key Takeaways

- 1 | Support legislation that encourages density around transit zones, building up and not out, and ensuring buildings are integrated with transport infrastructure.
- 2 | Encourage agencies like transit managers, urban planners and homeless services to work together to combat housing issues.
- 3 | Encourage the use of non-traditional housing units, like accessory dwelling units, to increase housing stock.
- 4 | Overcome NIMBYism by highlighting the effects of the housing shortage on future generations, such as existing property owners' grandchildren.

Panel Moderator:

Brad Inman, Founder, Inman

Panelists:

Dowell Myers, Professor of Policy, Planning, and Demography, USC Sol Price School of Public Policy

Adhi Nagraj, San Francisco Director, San Francisco Bay Area Planning and Urban Research Association (SPUR)

Pete Peterson, Dean of the School of Public Policy, Pepperdine University

Joshua Schank, Chief Innovation Officer, Los Angeles Metropolitan Transportation Authority (LA Metro)

Sarah Hunter, Senior Behavioral and Social Scientist, RAND Corporation

Jeff Wilson, Co-Founder, Kasita

Marty Borko, Executive Director, Urban Land Institute, Los Angeles

Beyond supply, California must deal with the social and public health issues that directly interact with the state’s housing needs. That was a key theme of the 2018 Summit’s interdisciplinary panels — where the cross section between housing and all facets of public policy were discussed in depth.

Build Around Transit Cores

Transportation is an inextricable part of the housing puzzle. “If you can’t access affordable housing within a reasonable distance [from work], you have to go further out ... or you have to live with 10 more people,” said Joshua Schank, LA Metro’s Chief Innovation Officer, adding, “It’s a tremendous problem that places strain on lower-income families.” Even so, Schank acknowledged that improved public transportation alone won’t solve the housing crisis. “There’s no inherent reason why we would want to make it easier to travel two hours away as opposed to building more effective high-density housing in the urban core and building effective transit to connect it.”

Focusing on higher-density housing — which, said Schank, evidence shows comes with a lower crime rate — would “Reduce sprawl, environmental degradation and the mobility problem.”

Envisioning transit, housing and employment as an integrated planning model could reduce project costs and increase delivery efficiency, posited Marty Borko, executive director of Urban Land Institute Los Angeles.

“If you’re going to do higher density housing or more appropriate levels of development, {by} doing those closer to transit stations and taking advantage of the investment that’s been made in the transit system, especially in Los Angeles ... you’re dealing with the issues of mobility and you’re also providing additional housing.”

Borko added, “The jobs/housing balance is a really important thing to think about {when considering} how our cities grow,” arguing that if employers don’t move to areas that already have affordable housing, then many people will continue to be forced into long commutes.

Treat Homelessness as a Housing Problem

In Los Angeles, which has a homeless population of “over 30,000 on any given night,” according to Sarah Hunter, senior social scientist at RAND Corporation, local groups and government offices have undertaken innovative measures to reduce homelessness.

The City of L.A., too, is dispatching outreach workers in an effort to work with the homeless one-on-one to find solutions for their individual situations. “[They use a] housing-first approach,” said Hunter, “which is an evidence-based approach that you don’t require any contingencies to get the housing. So in other words, people don’t have to get sober. They don’t have to engage in mental health services ... it’s not a pre-condition or precursor to housing.”

Jeff Wilson, co-founder of Kasita, a modular, 300-square-foot ADU manufacturer, argues that the entire model of housing construction needs to be upended in order to solve the affordability and homelessness crisis.

“The idea of just building more housing, I think, goes back to what you said down here is that we need entire new models. Just adding more to one of these dimensions ... I don’t think it’s going to ultimately



Panelist Sarah Hunter



Mapping the Future of California: How and Where Will Californians Live? panel

solve the problem. I think there needs to be a complete rethinking of the model of how housing is addressed.”

Using ADUs like Kasita to construct homeless accommodation may be a more palatable option for communities opposed to the traditional concepts of supportive housing.

“This is at a cost, at \$150,000 or so, \$200,000 all in with delivery. These are the kind of ways that we’re trying to think about this because there is a natural space in a backyard. And maybe putting one person that may be homeless in an urban core, maybe even in a place like Santa Monica, in a backyard, right, rather than a large development of low-income housing, that perhaps could be digestible.”

Diffuse the NIMBY/YIMBY Divide

One of the most significant obstacles facing affordable housing is a lack of support — and often outright blockades — from local communities. Dowell Myers, professor of policy, planning and demography at USC, suggested that the best way to get through to the NIMBY detractors is to remind them that the bulk of the housing demand doesn’t come from outsiders, but from local Californian children. He encouraged

“It’s up to the local officials to do a better job of not just sitting back and waiting for [the detractors] to show up and shout them down.”

- **Pete Peterson**,
Dean of the School of Public Policy,
Pepperdine University

positioning the problem as: “The native children have grown up, and they’re bursting out of their parents’ homes into the apartment market, and there’s not enough apartments.”

Pete Peterson, dean of the School of Public Policy at Pepperdine University, agreed, but explained that it’s not enough to sway the critics. Around 30 percent of the population supports affordable housing development; they’re just not the ones showing up at the meetings. “It’s up to the local officials to do a better job of not just sitting back and waiting for [the detractors] to show up and shout them down,” he said.

Instead, they should be asking, “How [can we] do a more effective job, either through online tools or better public processes, to engage that 30 percent [that supports development]?”

All of these efforts to shift community sentiment are essential if funding from ballot measures such as L.A.’s Measure HHH (homeless housing bonds) are

to be properly implemented, according to Hunter.

“[The next step is] scaling up to spend those funds and getting the taxpayer will. That means building in your neighborhood and that means having your formerly homeless neighbors being part of your community. That’s the part that we’re dealing with now,” Hunter said.



Panelist Jeff Wilson



Panelist Pete Peterson

Panel: Delivering Solutions for California's Top Housing Challenges

Setting the agenda for the real estate industry and policymakers, this panel analyzed the state-level policy changes and mechanisms necessary to overcome California's housing production deficit and reviewed the role of the private sector in contributing to permanent solutions to the state's housing affordability crisis.

Key Takeaways

- 1 | Declare a statewide housing emergency and waive traditional impediments to housing development.
- 2 | Get businesses on board with housing, be it developing their own workforce housing or advocating for legislative change.
- 3 | Revise the California Environment Quality Act (CEQA) to restrict the number of reviews that a project can be subjected to.
- 4 | Rezone single-dwelling and commercially zoned land to allow for multi-story dwellings.

Panel Moderator:

Joel Singer, CEO, CALIFORNIA ASSOCIATION OF REALTORS®

Panelists:

Ben Metcalf, Director, California Department of Housing and Community Development (HCD)

Dan Dunmoyer, President and CEO, California Building Industry Association

Jennifer Hernandez, Partner, Holland & Knight

Rob Lapsley, President, California Business Roundtable

Peter Lynn, Executive Director, Los Angeles Homeless Services Authority (LAHSA)

Mary Leslie, President, Los Angeles Business Council

Kevin Zwick, CEO, Housing Trust Silicon Valley

Rose Olson, Senior Vice President, Development, Related California

Carolyn Coleman, Executive Director, League of California Cities

Assemblymember **Brian Maienschein**, 77th Assembly District

The Summit took place at a time of much political anticipation, with the November 6 election firmly in sight and housing taking an unprecedented position in the political spotlight. Numerous panelists stated their expectation that housing would be a top priority for the new governor. As such, panelists spent much of the discussion identifying key policy areas they believe should be targeted by the incoming administration as a matter of extreme urgency in order to alleviate the state's housing crisis.

For many panelists, the November elections

“The [ideal situation would be that the] governor declares a state of emergency in housing and totally revamps, including to some degree eliminating certain local controls for the development and the expeditious construction of low-income rental housing,” Singer posited.

This scenario was compared to the emergency responses to the Northridge earthquake, where the governor at the time, Pete Wilson, released the private contractor tasked with rebuilding the Santa Monica freeway from standard project procedures in order to expedite the reconstruction. Rob



Panelists Assemblymember Brian Mainschein, Jennifer Hernandez and Rob Lapsley

presented a final opportunity to engage with the housing issue and continue on the early signs of momentum emanating from Governor Brown's signing of the September 2017 housing package and the debate surrounding initiatives such as SB 827 in 2018.

“I think I put my money on the political will this round because without it we are really in trouble. So we've got to hope that our elections and our current group continue on the path they're on,” Mary Leslie, president of the Los Angeles Business Council said.

Declare a Statewide Housing Emergency

Moderator Joel Singer, CEO, CALIFORNIA ASSOCIATION OF REALTORS®, called for an incoming governor to declare an immediate state of emergency on housing upon election and appoint a “housing czar” to oversee expedited construction projects.

Lapsley, president of the California Business Roundtable called for a similar provision for developers under a housing state of emergency.

“We had Northridge, that was a crisis, when the freeway went down. But we did tremendous things in a short amount of time to fix things,” Lapsley said.

Acknowledging the desire for an increase in state control, Carolyn Coleman, League of California Cities executive director, urged policymakers to be mindful that a “blanket fix” will likely not work in California's patchwork of local communities.

“I think one of our challenges as a state that has a statewide crisis with housing is that we forget that these are individual communities with individual neighborhoods. And so what you find and what might be the solution and what might be the right mix is going to be quite, quite varied,” Coleman said.

That sentiment was backed up by Assemblymember Brian Maienschein, who has served at both the state and local levels.

“I don’t think there is going to be this magic bullet, that the state government’s going to come in and they’re going to solve all these problems by sweeping local government out of the way. At the same time, I don’t think local government clearly has been able to do that, either.”

Reform CEQA

With increasing public awareness of the damaging Not In My Backyard (NIMBY) philosophy prevalent in many California communities, the abuse of the California Environmental Quality Act (CEQA) by community members opposed to new housing developments is a key mechanism holding back increased housing production.

“Our biggest challenge right now is, if just one word, it would be ‘delay,’” explained Dan Dunmoyer, CEO of the California Building Industry Association, adding, “When we look at a piece of land in any of the other contiguous states to California, we ask the question of what will the economy be like in six to 12 months. When we look at a piece of land in California, we ask the question, ‘What will the economy be like in the next 15 to 20 years?’”

Dunmoyer detailed the role CEQA abuse plays in this delay, suggesting that reviews under the legislation be limited to just one under future reforms.

“We get CEQA’d three or four times on major projects ... If we’re going to keep CEQA, which we will, I’m sure, just make it one and done. It could be yes or no. But give us an answer, and don’t make us wait 20 years.”

Get Business Involved in Housing

Panelists agreed that business increasingly has a role to play in increasing access to affordable housing within a reasonable commute to employment hubs.

Mary Leslie, President of the Los Angeles Business Council, stated that the housing crisis has reached such a point that it is now an essential pillar of recruitment, retention and expansion strategies and has become a fixture of boardroom discussions.

“We watched tremendous economic growth since the recession, since ‘08. The unemployment rate here is about 5.4 percent. When you start to delve into that, the fastest growth area is hospitality and tourism here in L.A. County. We have over a half million people that are employed in that area, and 68 percent of them make less than \$25,000 a year.”

This level of income is disproportionate to a median house price that now sits at well over \$500,000 in the Los Angeles area — creating a situation where it is difficult for middle and working class families to remain in the area.

“We don’t think a major employer in L.A. can afford anymore not to have a plan for housing. If you’re planning on expanding here, you have to know your way around the housing market and how you’re going to help your employees because it’s the number one issue that they’re stating is the biggest disincentive for them to either locate here or expand,” Leslie said.

That plan could be as simple as connecting employees with government housing resources, or offering a staff down payment assistance program, but it could be much more expansive, as Kevin Zwick, CEO of Housing Trust Silicon Valley, pointed out.

Zwick outlined to the audience the various housing initiatives being implemented by major technology firms in Silicon Valley, citing Google’s workforce housing as an example of what can be achieved when business becomes directly involved in the housing space.

“One is Google ... they were looking to expand significantly in their hometown in Mountain View. They were doing it in a part of the city that had always just been one- and two-story tilt-up office buildings with surface parking lots.

“Together Google and the City of Mountain View and their mayor and residents got the city to reimagine this part of the city and said, ‘Okay, well, if you’re

“When we look at a piece of land in any of the other contiguous states to California, we ask the question of what will the economy be like in six to 12 months. When we look at a piece of land in California, we ask the question, ‘What will the economy be like in the next 15 to 20 years?’”

Dan Dunmoyer,
President and CEO, California Building
Industry Association



Panelist Carolyn Coleman

Panelist Ben Metcalf



Panelists, Mary Leslie and Kevin Zwick

going to build two million square feet of office space, you also have to build nearly 10,000 units of housing.” That’s an example, I think, of employers thinking about how do they use their ability to say where am I going to locate, where am I going to grow, and bring their voices saying, we want to be allowed, or we want the land use to allow for housing where for two generations it hasn’t been.”

REALTORS® too can play their part in reducing the state’s homeless population and preventing displacement, according to Peter Lynn, executive director of the Los Angeles Homeless Services Authority.

“I think that the landlord/REALTOR® industry needs to take responsibility for prevention strategies, really own fair housing approaches, really look at criminal background screening, really look at eviction avoidance strategies,” he said.

Embrace New Form Factors

In order to get more of the state’s homeless population into housing, California will have to shift away from its preoccupation with single-family homes, Lynn added. “We’re going to have to think through how to build natural affordability. Recognizing that, if we take an approach that if every household is going to have a housing unit that is essentially a single-family dwelling, that won’t work on some level. We need to appreciate different form factors. Co-living spaces and things that are going to be naturally affordable.”

While agreeing that density should be a key plank of California’s future housing strategy, Jennifer Hernandez, a partner at Holland & Knight, urged policymakers to ensure that it does not lead to prioritization of rental stock over homeownership opportunities.

“Density as code word for permanent rental or as code for impossibly high-cost units simply has to be called



Delivering Solutions for California's Top Housing Challenges panel

out. Density is right in some places for some markets, but it's no more the one size fits all than anything in the housing business. We need all of it. And we need ownership units," Hernandez urged. The state also needs to explore better harnessing existing commercially-zoned land for housing stock, Hernandez argued. "My solution is to simply allow by state law, much as we now allow accessory dwelling units, densities that are no more than twice the average, so two-story or three-story, depending on the neighborhood, for residential housing, for all public lands that have surface park uses in urban areas, and those should be ground leased so that the public agency eventually gets an income stream."

Hernandez suggested that "we don't need as much office space for public facilities as we once did [and the same applies to] churches and small retail sites, both of which we have now in too great a number. And if we simply reactivated those three categories of land, public agency lands that are surface parked ... we would explode our housing production and we'll do it at a small enough scale, townhome ownership products, that we won't ignite these wars that happen over towers."

Get Developers at the Table

Ben Metcalf, director of the California Department of Housing and Community Development, acknowledged that some recent state measures emanating from the 2017 housing package such as SB 35, which allows for by-right development and a streamlined approval track which circumvents some aspects of the review process, had been slow to be taken up on a project-by-project basis.

"I think there's really only a handful of projects, a couple here in L.A. that are beginning to use it. Now, I'm hopeful — we haven't even published our implementing guidelines. I expect that that number could significantly increase," Metcalf said. Citing SB 35 as an example, Rose Olson, senior vice president, development at Related California, urged government officials at all levels to maintain and open dialogue with the development community after the implementation of new policies in order to ensure they are working as intended. "I would say go back and look at how it's actually working. So you've put in a policy, come back two, three years later, meet with the development community and say, 'Is this actually making a difference in terms of getting the housing done faster? Are you able to get more units done? Are you able to get through the approval process quicker?'"

Olson cited her experiences hitting roadblocks in the development process under streamlined requirements as a case for this ongoing communication.

"I'm finding, as affordable housing you do get 'expedited,' but it isn't always as much as it needs to be. When you're actually down at planning and building and safety, you're hitting some of the same things that you would as a market-rate developer, and it's slowing you down."

Panel: Fixing Housing Supply at Regional and Local Levels

Drawing upon the knowledge of seasoned land use and development experts, this panel provided a clear outline of the local decisions required to ease the state's housing construction backlog, including exploring how city and regional policymakers can incentivize and finance housing construction and promote transparency and accountability in the permitting process.

Key Takeaways

- 1 | Streamline project review, limiting the amount of reviews a project must be subjected to and reducing the power of singular opponents to obstruct a project.
- 2 | Adopt financing initiatives to encourage development of accessory dwelling units as homeless housing solutions.
- 3 | Explore deferred development rights — buying property now with the caveat that neighborhood change won't occur for a set period of time.
- 4 | Change existing zoning to facilitate increased condo production in existing communities.

Panel Moderator:

Carol Galante, I. Donald Turner Distinguished Professor in Affordable Housing and Urban Policy and Faculty Director of the Turner Center for Housing Innovation, UC Berkeley

Panelists:

Vince Bertoni, Director of Planning, City of Los Angeles

Deborah Ruane, Executive Vice President and Chief Strategy Officer, San Diego Housing Commission

William Huang, Director of the Housing Department, City of Pasadena

Colin Parent, Executive Director and General Counsel, Circulate San Diego, and City Councilmember, City of La Mesa

Ted Egan, Chief Economist, City and County of San Francisco

Paavo Monkkonen, Associate Professor of Urban Planning, UCLA Luskin School of Public Affairs

Leslye Corsiglia, Executive Director, Silicon Valley at Home (SV@Home)



Fixing Housing Supply at Regional and Local Levels panel

Recognizing California’s local- and regional-centric planning protocols, the 2018 Real Estate Summit designated a high degree of focus to formulating solutions to the state’s housing affordability crisis at these levels of government. Featuring a broad array of policy experts who interact with this local planning process on a regular basis, this panel sought to publicize innovative solutions that effectively balance the oftentimes competing concerns of maintaining local control with kickstarting increased housing production.

Change the Planner Mindset

First, there were many actions cities and counties themselves could take to begin to address housing supply directly at their level. Regulatory, land-use and zoning decisions have certainly contributed to the lack of new development. But these impediments notwithstanding, William Huang, director, Housing Department for the City of Pasadena, notes: “It’s very difficult to do development in Pasadena. And yet it’s a city that has ... far exceeded its RHNA, market rate RHNA numbers by several fold ... some cities have a high degree of regulation, and yet also a high degree of housing production...”

So it is possible to preserve the character and quality of a city while also ensuring that new housing gets built, it just requires a concentrated effort, and in many ways, a shift of mindset.

Colin Parent, a City Councilmember in the City of La Mesa, points out that, “A lot of the land use

regulations, the anti-density rules, the things that have been actively chosen to be put into place to deter housing construction,” which necessitates a cultural shift on the part of local planning departments away from a protectionist philosophy that says, “We’ve got to make sure that it’s okay if 90 percent of the housing doesn’t get built so we make sure that the 10 percent is really good.’ We have to be comfortable with getting some bad housing built...”

Rezoning and Adaptive Reuse

Cities also need to consider what areas are available for development. Paavo Monkkonen, associate professor of urban planning at the UCLA Luskin School of Public Affairs, points out that zoning needs to change: “Primarily single-family neighborhoods being off the table for development. And in a state where so many cities are 70, 80 percent single family in their residential zones, right, I think this is kind of the big limiting factor we face.”

One potentially workable solution is what Monkkonen termed “condo-izing R1 neighborhoods.”

“[T]he new starter home isn’t a single-family home on a 5,000 square foot lot, it’s a condo in a small ... I mean, we can still have relatively low density and ownership opportunities, but that aren’t single-family. I mean, it’s better for the environment. It’s more affordable ... and it’s not going to destroy the neighborhood,” Monkkonen posited.



Fixing Housing Supply at Regional and Local Levels panelists, Vincent Bertoni, William Huang, Deborah Ruane and Colin Parent.

Reform and Streamline the Planning and Permitting Process

One possible solution to the lackluster building at the local level is to allow the local permit and planning approval processes to be made in more systematic ways, Parent argued.

“[W]e also don’t have to make every decision to allow new housing to have to be made on a project-by-project level or on a very difficult public hearing in all circumstances ... You have the democratic process in adopting the plan and making those big choices about where density goes or where projects go. And then you live with the plan...” Parent said.

There is also a large opportunity for cities and local jurisdictions to work with existing tools that are already on the books and simply expand them to generate an additional boost in new housing development. For example, Parent argued that “[T]he City of San Diego’s enhanced density bonus program is a model that can be useful. It basically says that the state density bonus gives you a 35 percent bonus if you build 11 percent affordable. San Diego [now] allow[s] you to get to a 50 percent bonus if you build 15 percent affordable...” This led to a significant upzoning of San Diego’s multi-family housing stock.

Cities also need to be deliberate in enabling more housing growth in their communities. Vince Bertoni, director of planning, City of Los Angeles, notes that the city’s zoning code was last comprehensively overhauled in “1946 ... and that’s not who and

what we are as a city today.”

In addition to these actions that cities can pursue directly, other suggestions involved the reduction of high fees and the number of fee-generating activities, revisiting and refreshing general, specific and neighborhood plans, upzoning where there is need, streamlining the permit process including higher Area Median Incomes (up to 120 percent or even 200 percent) in order to stimulate “missing middle” housing, building coalitions between various groups that are all impacted by housing affordability in order to build more support for new development at the local level, and preserving the housing stock that already exists.

Get Creative With Development Deals

To mitigate current community opposition to new development, Ted Egan, chief economist at the City and County of San Francisco, proposed “allowing homeowners to potentially benefit from development or the demand for development within their community by selling air rights, provided that they allow it being used elsewhere in the community ... you basically said you could use these air rights, but you can’t use them for 15 years anywhere in the city, then, okay, you’ve got a 15-year run to raise your kids and enjoy your neighborhood.”

Egan’s reasoning is that while there may be “an objection to having a change in a single-family neighborhood today,” the objection will likely not exist “20 years from now for a children’s neighbor-

hood where the children aren't even born yet." By enabling existing homeowners an ownership share in air rights, they effectively gain a financial incentive to allow new housing in their neighborhoods down the road by monetizing their air rights, while preserving the character of their neighborhoods over the short run.

Cities also need to get creative with financing and incentives. For example, Huang explained that the City of Pasadena is "looking at launching, hopefully before the end of the year, a financing program to help to encourage folks to develop and build new ADUs ... a revolving loan program — so that they could plan, design, build their unit, rent it out for a year or so, and then repay us back ... and the public benefit is that, for the first seven years, those units have to be rented to rental assistance households, so that we would get affordable..." They are also "looking at things like motel conversions right now for our permanent supportive housing," and "acquiring single-family homes and using them as shared housing, shared affordable housing."

Increase Accountability Surrounding State Building Mandates

At the state level, there is also more room both for increasing by-right development and to add/improve on the enforcement mechanism of the RHNAs.

"California has had a law on the books with explicit rules about how cities are supposed to zone for sufficient population growth within their regions for 50 years, and it's never been enforced at all," Monkkonen suggested.

Bertoni added that this leaves room for the state to get involved to both enforce its existing rules around new development and to have other regulations, like having, "CEQA be much more effective and streamlined for housing projects, especially near transit."

In addition to sticks, Leslye Corsiglia, executive director of Silicon Valley At Home (SV@Home), suggested that the state needs to actually create incentives for new building, and that means "we need to bring back some form of meaningful redevelopment."

Many panelists agreed that much of the issue with implementing ambitious development targets stems from the local level of government in California. However, they point to these issues as a symptom of a broader issue, which is the lack of public support for new housing projects. And without strong support for housing, it is difficult to get local elected officials to vote for new housing even if they'd like to see new development, because of the political pressure these officials face.

In order to address this, Egan suggests that, "NIMBY-bashing is probably not a successful strategy in the long run. You really need to take apart the NIMBY's perspective and sort of deal with these objections." Monkkonen agreed, arguing that, "This visionary conversation we need to have in order to change the culture is the fact that, if we allow single-family homes to be converted into six-plex condos, they will actually make money also ... So there is a way for them to make money in the process."



Panelist Paavo Monkkonen

And to be really effective, Deborah Ruane, executive vice president and chief strategy officer for the San Diego Housing Commission, advocated presenting the issue through the lens of the “economic argument, which is how housing helps organizations, industries, universities; keeps and attracts good people to your community; and helps your economic engine grow.”





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