

Addressing the State's Housing Crisis

California is in the midst of a long-term structural housing shortage and affordability crisis. The state's housing supply has not kept up with population growth. From 2006 to 2016, an additional 930,000 people called Southern California home. But over a comparable period, only one new housing unit was created for every 3.32 persons added. Accommodating growth in centers—whether transit centers, job centers, urban centers, or suburban centers—has served as the foundation of SCAG's regional planning with the aim of maximizing the value of infrastructure investments and enabling shorter trips to improve air quality and reduce congestion. Below are some legislative principles that build upon these planning policies.

1. Increase Local Capacity for Housing Development

The loss of funding for housing that came with the elimination of local redevelopment agencies (RDA) has severely curtailed the development of affordable housing around the state. It is estimated that as many as 8,000 affordable housing units are not built statewide each year due to the loss of the 20 percent "set aside" required by RDAs. Moreover, the average cost to construct an affordable housing unit in Southern California is \$500,000, according to informal industry feedback. Meanwhile, a housing unit costs the same to build regardless of whether that unit is "affordable" or "market rate." Local governments require increased capacity to help reduce the cost associated with developing affordable housing. SCAG supports expanding the capacity for tax increment financing programs as an important tool to build affordable housing stock.

2. Provide CEQA Streamlining for Affordable Housing

California Environmental Quality Act (CEQA) was signed into law by Governor Reagan in 1970 and since that time, the law has had no major reform. Abuses of CEQA have stopped responsible community improvements that benefit both the environment and the economy. It also leads to increased construction timelines that translate to increased costs for developers. Environmental lawsuits typically target high-density housing and transit projects in urban locations, precisely the types of projects that must be built to relieve the state's housing crises. SCAG supports a legislative fix to accelerate the construction of new housing units by allowing for a streamlined CEQA process.

3. Reinstate the RHNA Transfer

During the 5th Regional Housing Needs Assessment (RHNA) Cycle (2013-2021), local governments were allowed to reach an agreement to "trade" or "transfer" portions or all of their allocation, so long as the total number of units were not reduced. Assembly Bill (AB) 1771 (Chapter 989, Statutes of 2017) removed this tool from local governments. Although it was not widely used during previous RHNA cycles, reinstating the trade or transfer provision provides local governments with a tool that grants some level of flexibility while ensuring that the overall number of needed housing units remains the same.