



Bill Davis

Density is Good

No, Really

Or at least it's one way out of our current housing crisis

Still Life: Strawberry with Smoke Stacks



California's High Housing Costs Causes and Consequences

Most of the following presentation is taken from a Report from the California **Legislative Analyst's Office** (LAO) with the title above, dated March 17, 2015. The LAO provides non-partisan fiscal and policy advice to the State Legislature.

You can find all their reports at www.lao.ca.gov

What the LAO has to Say

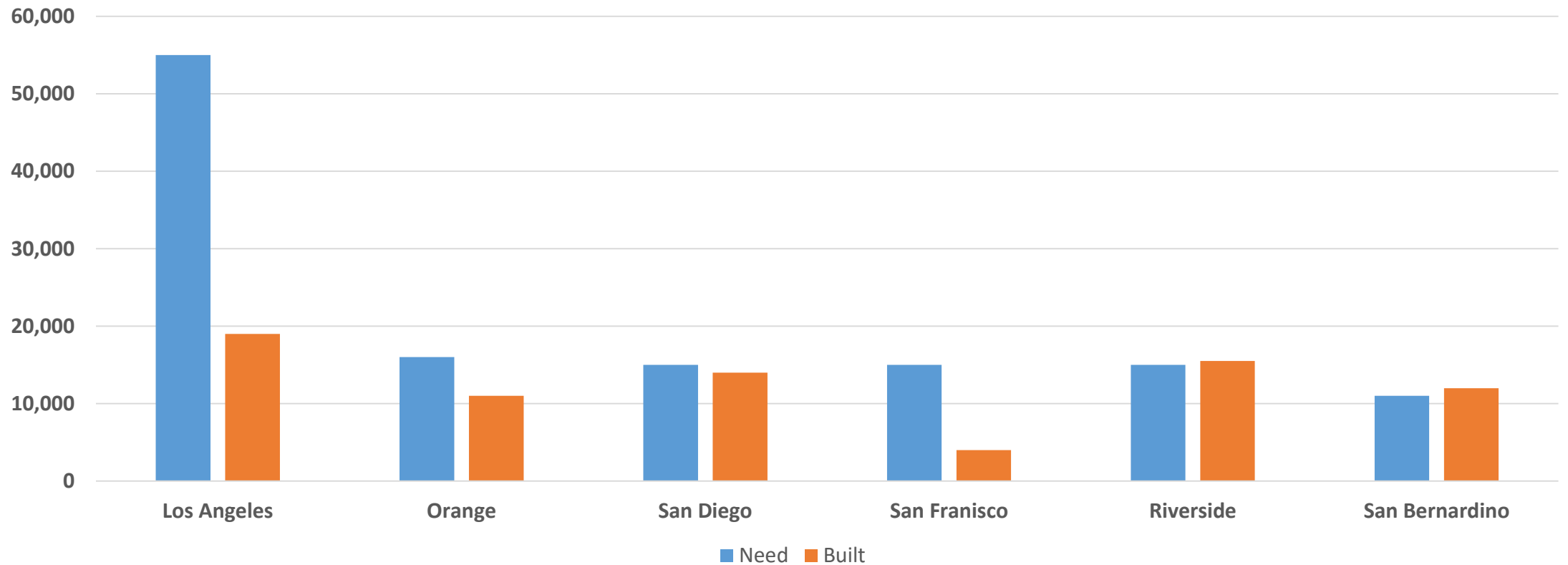
- Housing costs more to own or rent in California than almost anywhere else – owning is 2.5 times the national average and renting is twice the national average.
- Building less housing than people demand drives high housing costs. This is especially true in coastal areas.
- High housing costs make it difficult for companies to hire and retain qualified staff – has a negative impact on the State's economy.
- Healthy rental housing vacancy rate is 5%. Current rate in Long Beach is about 2%.

More from the LAO

- LAO advises the legislature to change policies to make it easier to build homes and apartments in California's coastal urban areas
- The general magnitude of the need for new housing is enormous
 - In the state, it's estimated that 100,000 to 140,000 new units will be built each year
 - Beyond that, we will need to build an additional 100,000 units annually – almost exclusively in the coastal communities – to mitigate the housing affordability problem
 - Unmet demand in coastal areas spills over to inland locations, increasing costs there

Chart Based on LAO Report

1980 to 2010 – Comparison Annual Estimated Need New Housing Vs Actually Built



More from the LAO - Density

- Land costs in coastal areas is an impediment to development. However, allowing density offsets those costs.
- Excluding San Francisco, recent California urban coastal density has risen about 4%.
- Looking at desirable areas outside California with similar land costs and starting point densities, those areas saw density increases of 11%.

LAO – Why Do Coastal Areas Not Build Enough Housing

- Community Resistance to New Housing centered on home values, changes to nature of community.
- Environmental Reviews Can Be Used to Stop or Limit Development – can provide opportunities to challenge even after local government approval.

What Does The LAO Recommend

- The legislature focus on what changes need to be made to promote additional housing construction in coastal urban areas - overcoming NIMBY and BANANA
- Put all policy options on the table, including changes to local government land use authority, local finance, CEQA, and other major policies
- LAO Generally supports Governor Brown's efforts to limit ability of local jurisdictions to impede development. So-called "By Right" development

A Few Last Issues

- How will building high-end in SEASP make an impact on affordability?
- Is five to seven stories (developer sweet spot) untenable?
- Should we wait for the issuance of the Draft EIR to make judgements?
- Is SEASP a plan or a general guideline?