



June 13, 2016

The Honorable Edmund G. Brown Jr.
Governor of the State of California
State Capitol, Suite 1173
Sacramento, CA 95814

Re: Streamlining Affordable Housing Approvals Trailer Bill

Dear Governor Brown:

I write with overall support for the Streamlining Affordable Housing Approvals Trailer Bill, and to urge the inclusion of key amendments and needed funding to allow cities such as San Francisco to better address the State's critical housing and homelessness concerns.

Like cities across California, San Francisco has experienced dramatic increases in housing prices, which has strained the pocketbooks of working families and further challenged the City's efforts to provide housing to those who need it most. In San Francisco, we have committed to addressing this pressing issue in a number of ways. The City is implementing ambitious local policies to encourage the production of affordable housing and meet our goal of constructing and rehabilitating 30,000 new units of housing by 2020, with at least one-third permanently affordable to low- and moderate-income households, and with over 50 percent accessible to middle-class San Franciscans. In addition, the City has prioritized moving people off of our streets and into supportive housing. The recently-formed the Department on Homelessness and Supportive Housing will bring all of the City's homeless services under one roof to more efficiently and effectively care for and house our most vulnerable residents.

Despite determined efforts at the local level, fully addressing our shared housing crisis will require a heightened commitment from the State. The proposed budget agreement allocating desperately needed funding for low-income housing and adopting the \$2 billion "No Place Like Home" bonding initiative for California's homeless population represents a strong step in the right direction. Such funding, if coupled with thoughtful land use policy improvements, can help turn the tide on the housing crunch. By accelerating approvals for development in areas already zoned for housing, the Streamlining Affordable Housing Approvals Trailer Bill has the opportunity to provide a needed update to California's well-intentioned but often-abused review process.

With the addition of important amendments, the trailer bill can produce better results for cities seeking to thoughtful increase their housing supplies. Specifically, San Francisco respectfully requests the following:

- **Rental Units Included:** With increased production of rental units a critical component to addressing the housing crisis, clarification is needed to confirm that the holding of the 2009 *Palmer/Sixth Street Properties, L.P v. City of Los Angeles* case does not apply, and that the

trailer bill extends to rental developments and municipalities utilizing the provisions of the bill have the ability to control prices for inclusionary rental units;

- **Ability to Go Further:** The latest revision to the trailer bill clarifies that the affordable housing requirements set forth in the trailer bill are minimums and do not restrict local jurisdictions from adopting stronger requirements, including for the percentage of inclusionary units, area median income (AMI) levels, or duration of affordability covenants. However, to ensure that economically infeasible local requirements are not used as a tool to circumvent this legislation, language should be included mandating that such local requirements be supported by a technical study confirming economic feasibility;
- **Extended Timeline:** Because detailed design and technical review can take a significant amount of time – particularly for larger projects – the trailer bill would be improved by allowing for a longer timeline for project review. This includes an initial 30-day period for a preliminary and nonbinding determination of conformance with objective planning standards, and then up to 90 days for smaller projects (fewer than 50 units) or 270 days for larger developments for detailed project review;
- **No Net Loss:** The trailer bill benefited greatly from recent revisions requiring no net loss of rent controlled or subsidized housing, and the legislation should be further strengthened by making ineligible for streamlining any developments that would result in the demolition of rent controlled or permanently affordable units;
- **Ellis Act Reform:** To bolster protections for current affordable housing statewide, provisions should be added to the trailer bill to prevent unwarranted evictions through abuse of the Ellis Act;
- **Construction Time Limit:** In order to ensure that residential projects approved through this new streamlined process actually get built in a timely fashion, a time limit for beginning construction after approvals are obtained should be added to the bill;
- **Workforce Equity:** Since housing is also a workforce issue, the trailer bill should support the payment of workers a competitive wage for the region, as well as provide apprenticeship opportunities for disadvantaged residents.

If paired with increases in State funding for affordable and supportive housing, a thoughtfully amended Streamlining Affordable Housing Approvals Trailer Bill will provide local governments with needed tools to address California's housing crisis.

Thank you for your leadership on this critical issue.

Sincerely,



Edwin M. Lee
Mayor