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CC: Commission
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TESTIMONY OF LENARD GROTE
CHAIRMAN, CALIFORNIA COASTAL COMMISSION
PRESENTED TO ASSEMBLY COMMITTEE ON RESOURCES,
LAND USE, AND ENERGY
MARCH 11, 1980

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M. W. E.

THANK YOU MR. CHAIRMAN AND MEMBERS. MY NAME IS LENARD GROTE AND I AM THE CHAIRMAN OF THE CALIFORNIA COASTAL COMMISSION. ON BEHALF OF THE COMMISSION, I WOULD LIKE TO PRESENT ^{our} A STRONG OPPOSITION TO AB 2081.

AB 2081 WOULD EFFECTIVELY REPEAL COASTAL ACT POLICIES DESIGNED TO PROTECT AND PROVIDE AFFORDABLE HOUSING IN THE COASTAL ZONE. MORE IMPORTANTLY, HOWEVER, PASSAGE OF THIS BILL WOULD MAKE SURE THAT THE ABILITY TO LIVE NEAR THE COAST IS RESERVED FOR THE WEALTHY.

PASSAGE OF AB 2081 OUT OF THIS COMMITTEE WILL CAUSE THE COMPLETION OF MANY LCPs TO BE DELAYED. EVEN NOW I UNDERSTAND SOME LOCAL JURISDICTIONS ARE HOLDING BACK ON THEIR COASTAL PLANNING WORK TO SEE WHAT YOU DO HERE.

IT IS OBVIOUS THAT COASTAL ACT HOUSING POLICIES ARE CONTROVERSIAL. BUT THAT'S NOTHING NEW. AS YOU WILL RECALL, MR. CHAIRMAN, THESE SAME HOUSING POLICIES WERE THE SUBJECT OF INTENSE DEBATE IN 1976 WHEN THE COASTAL ACT WAS PASSED. EVEN BEFORE THAT, THE QUESTION OF HOW TO PROTECT EXISTING HOUSING AND HOW TO PROVIDE NEW OPPORTUNITIES FOR AFFORDABLE HOUSING WITHIN THE COASTAL ZONE WAS EXTENSIVELY ARGUED. IT WAS ONLY AFTER MUCH DEBATE THAT THE PROPOSITION 20 COASTAL COMMISSIONS INCLUDED HOUSING POLICY RECOMMENDATIONS IN THE COASTAL PLAN ON WHICH THE COASTAL ACT WAS BASED.

(MORE)

THE NEED FOR STRONG POLICIES TO MAKE CERTAIN THAT AFFORDABLE HOUSING IS PROVIDED IN THE COASTAL ZONE WAS GREAT IN 1975 AND IS EVEN GREATER TODAY. WE HAVE FOUND THAT THE AVERAGE PRICE OF A NEW HOUSE IN THE COASTAL ZONE IS ABOUT \$100,000--AN AVERAGE HOUSE THAT IS CERTAINLY NOT AFFORDABLE TO THE AVERAGE PERSON.

THE PROPONENTS OF THIS BILL ARGUE THAT COASTAL ACT HOUSING POLICIES ARE NOT NECESSARY BECAUSE EXISTING LAW ALREADY REQUIRES A HOUSING ELEMENT AS PART OF THE GENERAL PLAN. BUT MERELY HAVING A HOUSING ELEMENT IS A FAR CRY FROM ENSURING THE PROVISION OF AFFORDABLE HOUSING. AT THIS TIME THERE ARE ONLY TWO APPROVED HOUSING ELEMENTS FOR THE 67 LOCAL GOVERNMENTS WITHIN THE COASTAL ZONE, AND MOST JURISDICTIONS SOUTH OF VENTURA COUNTY ARE ALREADY MORE THAN SIX MONTHS BEHIND MANDATORY DEADLINES FOR THE SUBMISSION OF HOUSING ELEMENTS.

SECTION 30213 OF THE COASTAL ACT PROVIDES THAT "...HOUSING OPPORTUNITIES FOR PERSONS OF LOW AND MODERATE INCOME SHALL BE PROTECTED, ENCOURAGED, AND, WHERE FEASIBLE, PROVIDED..." THIS SECTION APPEARS AMONG THE PUBLIC ACCESS POLICIES OF THE COASTAL ACT IN RECOGNITION THAT THE ABILITY TO LIVE NEAR THE COAST IS AN IMPORTANT FORM OF ACCESS.

THE COMMISSION SUPPORTS THE POSITION THAT THE HOUSING ELEMENT SHOULD SERVE AS THE HOUSING COMPONENT OF AN LCP, SO LONG AS THAT ELEMENT MEETS COASTAL ACT REQUIREMENTS. AND THAT IS THE PROBLEM BECAUSE COASTAL ACT REQUIREMENTS DIFFER IN SEVERAL VERY SIGNIFICANT WAYS FROM THE HOUSING ELEMENT LAW.

THE COASTAL ACT SPECIFICALLY SEEKS TO PROTECT HOUSING OPPORTUNITIES FOR LOW AND MODERATE INCOME PERSONS. THE HOUSING

ELEMENT LAW MERELY REQUIRES THE PROVISION OF HOUSING OPPORTUNITIES FOR "ALL ECONOMIC SEGMENTS OF THE COMMUNITY."

- THE COASTAL ACT MANDATES THE PROTECTION OF EXISTING HOUSING OPPORTUNITIES FOR LOW AND MODERATE INCOME PERSONS. THE HOUSING ELEMENT LAW IS SILENT ON THIS POINT.
- THE COASTAL ACT REFLECTS A CONCERN THAT AFFORDABLE HOUSING BE PROVIDED WITHIN THE COASTAL ZONE SO THAT THE COAST DOES NOT BECOME THE EXCLUSIVE DOMAIN OF THE WEALTHY. THE HOUSING ELEMENT LAW ADDRESSES CITY AND COUNTY-WIDE HOUSING NEEDS AND THEREFORE OFFERS NO GUARANTEE THAT ANY AFFORDABLE HOUSING WILL EVER BE PROVIDED WITHIN THE COASTAL ZONE.

THE COASTAL ACT IS MUCH STRONGER IN ITS MANDATE THAN IS THE HOUSING ELEMENT LAW. PROPONENTS OF AB 2081 ARGUE THAT THE HOUSING ELEMENT IS SUFFICIENT TO DEAL WITH THE HOUSING ISSUE. IT OBVIOUSLY ISN'T BECAUSE, AMONG OTHER REASONS, THE COASTAL ACT ADDRESSES DIFFERENT ASPECTS OF THE PROBLEM. BUT ASSUMING FOR A MOMENT THE EXISTING HOUSING ELEMENT LAW IS ADEQUATE, WHY ARE MANY OF THE PROPONENTS OF THIS BILL SUPPORTING ANOTHER BILL (SB 1406) THAT WOULD MAKE COMPLIANCE WITH HOUSING AND COMMUNITY DEVELOPMENT HOUSING GUIDELINES PERMISSIVE--IN EFFECT ELIMINATING THE HOUSING ELEMENT AS A VIABLE REQUIREMENT? FRANKLY, MR. CHAIRMAN, I SERIOUSLY DOUBT WHETHER MANY PROPONENTS OF BILLS LIKE AB 2081 ARE CONCERNED ABOUT AFFORDABLE HOUSING ANYWHERE WITHIN THEIR JURISDICTIONS MUCH LESS WITHIN THE COASTAL ZONE.

(MORE)

BEFORE YOU ACT ON THIS BILL, LET'S LOOK AT THE RECORD. PURSUANT TO THE COASTAL ACT, SOME 3,000 UNITS OF AFFORDABLE HOUSING HAVE BEEN PROVIDED IN THE COASTAL ZONE OVER THE PAST THREE YEARS. SEVERAL HUNDRED RENTAL UNITS AND EXISTING STRUCTURES THAT NOW PROVIDE HOUSING FOR LOW AND MODERATE INCOME PERSONS WERE PROTECTED AGAINST DISPLACEMENT BY CONDOMINIUMS OR SIGNIFICANTLY MORE COSTLY HOUSING.

THE RECENTLY APPROVED LCP FOR THE CITY OF RANCHO PALOS VERDES PROVIDES AT LEAST 200 UNITS OF AFFORDABLE HOUSING. THE CITY AGREED TO THIS REQUIREMENT AFTER AN INITIAL OUTCRY OF OPPOSITION. IN EACH OF THESE CASES, AND THERE ARE MANY MORE, I CAN SAFELY SAY THAT BUT FOR THE COASTAL ACT THESE HOUSING OPPORTUNITIES WOULD NOT HAVE BEEN PROVIDED.

I CAN ALSO SAFELY SAY THAT IT IS THE COMMISSION'S SUCCESS IN IMPLEMENTING COASTAL ACT HOUSING POLICIES THAT HAS GENERATED THE OPPOSITION TO THEM.

AND FINALLY I ASK--WHO IS BEING HURT BY COASTAL ACT HOUSING POLICIES? NOT LOCAL GOVERNMENT WHO WILL, AS A RESULT OF THESE POLICIES, BE ABLE TO PROTECT HOUSING OPPORTUNITIES FOR MANY OF THEIR RESIDENTS AND PERSONS WORKING IN THE COMMUNITY. NOT THE DEVELOPERS WHO WE HAVE FOUND CAN INCLUDE AFFORDABLE HOUSING IN THEIR COASTAL PROJECTS AND STILL REALIZE A HEALTHY PROFIT. NOT THE CONSUMER OF THE MARKET RATE UNITS WHO HAS TO PAY WHATEVER THE MARKET WILL BEAR IN ANY EVENT. NOT THE SUBSEQUENT LOW AND MODERATE INCOME BUYER OF AN AFFORDABLE UNIT THAT REMAINS AFFORDABLE EVEN ON RESALE.

(MORE)

ON THE OTHER HAND, WHO WILL BE HURT IF THIS BILL PASSES?
THE PEOPLE WHO WILL BE HURT ARE ALL THOSE CALIFORNIANS WHO CANNOT AFFORD TO BUY A \$100,000 HOME OR RENT AN APARTMENT FOR \$1,000 A MONTH. THERE ARE HUNDREDS OF THOUSANDS OF HOUSEHOLDS WHO FALL INTO THE LOW OR MODERATE INCOME CATEGORY--A CATEGORY WHICH INCLUDES ALL HOUSEHOLDS EARNING LESS THAN 120 PERCENT OF THE MEDIAN INCOME OR APPROXIMATELY \$24,000 A YEAR FOR A FAMILY OF FOUR. FULLY TWO-THIRDS OF THE HOUSEHOLDS IN THE STATE FALL INTO THIS CATEGORY. YET WITHOUT THE COASTAL ACT'S HOUSING POLICIES, THIS TWO-THIRDS OF THE POPULATION WOULD BE COMPLETELY DENIED THE OPPORTUNITY TO LIVE NEAR THE COAST. IT IS THESE WORKING FAMILIES--THE INDUSTRIAL WORKERS, THE CLERKS AND SALESPeOPLE, THE ELDERLY--WHO WILL BE FOREVER SHUT OUT OF THE COASTAL ZONE IF THIS BILL PASSES.

MR. CHAIRMAN, THAT CONCLUDES MY FORMAL TESTIMONY. LET ME CLOSE BY URGING YOU TO REJECT AB 2081 TODAY. IT IS IMPORTANT THAT A CLEAR MESSAGE BE SENT TO ALL THOSE URGING DELAY OF LCP WORK PENDING A DECISION BY THE LEGISLATURE ON WHETHER THE HOUSING POLICIES SHOULD REMAIN IN THE COASTAL ACT.

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BILL ANALYSIS

RESOURC

DEPARTMENT California Coastal Commission	AUTHOR Bergeson	BILL NUMBER AB 2081
SPONSORED BY	RELATED BILLS	DATE LAST AMENDED as introd 1

BILL SUMMARY AND ISSUES

AB 2081 would exempt from the Coastal Act any proposed development that complies with a local government's general plan housing element adopted in accordance with the requirements of subdivision (c) of Section 65302 of the Government Code.

ANALYSIS

As introduced, this bill would single out and exempt low and moderate income housing projects from all Coastal Act policies. Affordable housing would be used as a trade-off against environmental protection. For example, a large-scale development that provided sufficient affordable housing opportunities could be located anywhere in the coastal zone without any review as to the project's impact on other important coastal policy concerns such as: public access, protection of environmentally sensitive areas (lagoons, wetlands, estuaries, etc.), maintenance of land in agricultural production, protection of highly scenic and visual coastal areas, and minimize the alteration of natural land forms.

COMMENTS

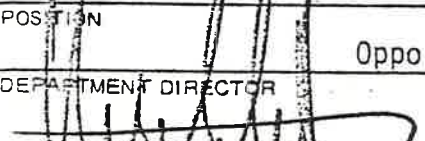
The author's office has stated that the intent of AB 2081 is to exempt housing projects from the low and moderate income housing policies of the Coastal Act not to exempt such projects from all Coastal Act policies. Even with this limitation, the Commission and staff have serious problems with this type of legislation.

All local coastal programs must be submitted to the Commission by January 1, 1981. Any attempts at this time to amend or remove policies of the Coastal Act will certainly delay, if not jeopardize, the completion of many local coastal programs by the legislative deadline.

As intended, AB 2081 proposes that local housing elements, adopted pursuant to Government Code Section 65302(c) should constitute the formal plans for meeting local housing needs, and that no separate additional housing component should be required for a Local Coastal Program.

In general, we agree. The housing element should provide the basis for each city's housing planning and may, in fact, serve as the housing component of the LCP.

Since a housing element must identify and document housing needs and contain a program designed to address such housing needs, it would be the logical document for a city or county to use in developing a housing plan which would meet the requirements of the Coastal Act. We certainly agree that a citywide housing policy would be more cost-efficient and effective than "special regulations for any one particular area of a city." The Coastal Commission's planning staff has consistently advised cities and counties that the housing element is an appropriate place to set out housing policies and programs which, insofar as they apply to the coastal zone, may then be used as the housing component of the LCP.

POSITION	Oppose	DATE	3/7/80	AGENCY SECRETARY	DATE
DEPARTMENT DIRECTOR					

Governor's office use	
Position noted	
Position approved	
Position disapproved	

However, while the housing element is an appropriate place to develop housing policies for the coastal zone, as well as the rest of a city or county, the adoption of a housing element does not automatically assure that the policies and programs of the housing element will meet the requirements of the Coastal Act. The reason for this is that there are two quite different standards established in the housing element legislation and the coastal legislation.

The Coastal Act's housing policies are spelled out in Public Resources Code Section 30213:

...housing opportunities for persons of low and moderate income shall be protected, encouraged, and, where feasible, provided....New housing in the coastal zone shall be developed in conformity with the standards, policies, and goals of local housing elements adopted in accordance with the requirements of subdivision (c) of Section 65302 of the Government Code.

This section of the Coastal Act thus contains two separate policies for housing in the coastal zone: (1) the housing component of an LCP must incorporate the local housing element's standards and policies for new construction; and (2) the housing component must also contain plans, zoning ordinances and implementing actions which will protect, encourage, and provide low and moderate income housing opportunities.

In contrast, Government Code Section 65302(c) provides that "(t)his element of the plan shall make adequate provision for the housing needs of all economic segments of the community."

There are, therefore, a number of differences between Coastal Act and housing element requirements. While the housing element requires the "provision" of housing opportunities for "all economic segments of the community", the Coastal Act requires "protection" of existing housing as well as provision of new housing, and is concerned with opportunities in the coastal zone for "low and moderate income persons", rather than all segments of the community.

Unlike the housing element, the basic intent of the Coastal Act is not to solve community or regional housing issues, but rather to assure that the coastal zone not become the exclusive province of the affluent. In order to carry out the fundamental policy of the Coastal Act (that access to the coast should be available to all Californians), housing opportunities for low and moderate income persons in the coastal zone must be protected, and must be provided where feasible in new construction. The Coastal Act, in other words, is concerned with meaningful access to the special strip of land that makes up the coastal zone, in contrast with the housing element's more general concerns for communitywide housing needs.

Therefore, by circumventing Section 30213 of the Coastal Act, AB 2081 would undermine an important policy that provides critical balance to the environmental protection policies of the Coastal Act.

In Section 30001.5(b) of the Coastal Act, the Legislature has declared that one of the basic goals of the State for the coastal zone is to "assure orderly, balanced utilization and conservation of coastal zone resources, taking into account the social and economic needs of the people of the State." The provision of affordable housing is central to such "orderly, balanced utilization" of resources. The access, economic development and environmental policies of the Coastal Act all provide that the coastal zone will not be the domain of a single class of citizens but will instead remain available to the entire public.

Section 30213 of the Coastal Act is a recognition that meaningful access to the coast requires housing opportunities as well as other forms of coastal access. The California Constitution guarantees access to the coast to all California residents. If the coast is not to exclude the less affluent members of society and become an exclusive enclave of the wealthy, affordable housing must be "protected, encouraged, and, where feasible, provided."

Other sections of the Coastal Act in addition to Section 30213 imply an affordable housing requirement. Coastal Act policies which encourage visitor-serving commercial development (Sections 30220-30223), agricultural production (Sections 30241-30242) and coastal dependent industry (Sections 30702-30708) have the effect of increasing and maintaining employment opportunities in the coastal zone which are relatively low-paying. If such low- and moderate-income workers are unable to find affordable housing in the coastal zone, the viability of such Coastal Act policies would be seriously threatened. Employers would have difficulty securing a labor force or would be forced to pay wages which would make the activity economically infeasible.

Even if sufficient affordable housing was available outside the coastal zone for such workers, the impacts on transportation corridors caused by forced commutes could impact coastal access routes. The provision of affordable housing in the coastal zone is a logical corollary of the agricultural, visitor-serving commercial and industrial provisions of the Coastal Act.

Long commutes caused by a lack of affordable housing for coastal zone workers have additional Coastal Act impacts. Under Section 30414(b), the State Air Resources Board (ARB) "may recommend ways in which actions of the Commission...can complement or assist in the implementation of established air quality programs," and Section 30253 requires that permit actions "be consistent with requirements imposed...by the ARB." The ARB has, in fact, determined in the context of Orange County housing developments that where "there is an inadequate supply of low- and moderate-income housing...and there are significant and expanding opportunities for blue and white collar workers with modest incomes...workers must commute excessive distances because of a lack of affordable housing within close proximity to work...such commute distances caused by this imbalance between jobs and affordable housing have had and will have an increasing negative impact on air quality."

To mitigate the air quality impacts of forced commutes caused by an imbalance between employment and housing opportunities, the ARB has required that projects within the Aliso Water Management Agency district provide from 35-50 percent of the units as

affordable housing. Pursuant to Sections 30414(b) and 30253 of the Coastal Act, the ARB's actions and findings indicate that the provision of affordable housing is an important method of protecting and enhancing environmental quality in the coastal zone. In order to comply with those sections and to "protect, maintain, and where feasible, enhance and restore the overall quality of the coastal zone environment" (as provided in Section 30001.5), affordable housing should be provided in every area which shows an unmet need insofar as such provision is feasible.

As a general rule, we do expect that housing elements will make up the housing component of the LCPs; the test, however, is not whether the housing element is a valid housing element, nor whether it meets the housing element guidelines, but whether it satisfies the requirements of the Coastal Act. It is quite possible that a housing element could meet the requirements of housing element law, and still not meet the Coastal Act requirements for an LCP (as, for example, with a housing element which did not provide for any low and moderate income housing opportunities in the coastal zone); conversely, a housing element could be inadequate to meet the requirements of Section 65302(c), and still satisfy the requirements of the Coastal Act.

California Coastal Commission
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M. W. H.

March 7, 1980

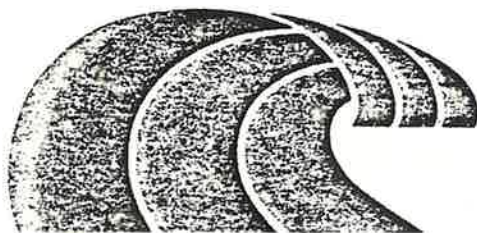
Honorable Marian Bergeson
Member of the Assembly
State Capitol, Room 4102
Sacramento, CA 95814

Dear Mrs. Bergeson:

The California Coastal Commission has taken a position in opposition to legislation that would weaken the low and moderate income housing policies of the Coastal Act. Your bill, AB 2081, as amended February 19, would exempt any proposed development which complies with a local housing element from the Act's low and moderate income housing policies. By restricting the Commission's and later local government's permit authority over housing projects, AB 2081 will reduce the Coastal Act's ability to protect, encourage and provide low and moderate income housing within the coastal zone when feasible. Therefore, the Commission must oppose AB 2081.

As pointed out in our attached bill analysis, unlike the housing element, the basic intent of the Coastal Act is not to solve community or regional housing issues but rather to assure that the coastal zone not become the exclusive province of the affluent. During the debate over passage of the Coastal Act in 1976, housing advocates argued that any coastal legislation must include provisions that poor and moderate income people who live in the coastal zone continue to do so to the same extent that they did before the law was passed.

The Coastal Act's low and moderate income housing policies are directed at those households with annual incomes from 50 percent to 120 percent of the median household income in any county (as set forth by the regulations of the California Housing Finance Agency). For example, if the median income in Orange County is \$20,000, "low and moderate income households" would be those with incomes from \$10,000 to \$24,000 per year. It is estimated that nearly two-thirds of all California households fall within this definition and would thus be potential beneficiaries of affordable housing required by the Commission.



While the housing element requires the "provision" of housing opportunities for "all economic segments of the community", the Coastal Act requires "protection" of existing housing as well as provision of new housing and is concerned with the opportunities in the coastal zone for "low and moderate income persons" rather than all segments of the community.

By protecting existing affordable units, the Commission's policy encourages rehabilitation of existing substandard units rather than demolition and requires "comparable replacement housing" to be provided where significant numbers of existing affordable units are to be removed. The Commission's policy has had its greatest impact in the Southern California communities of San Pedro, Long Beach and the Ocean Beach and Barrio Logan neighborhoods of the City of San Diego. Without the Commission's regulation, literally hundreds of affordable units in these traditional "working class" neighborhoods would have been removed for higher-priced housing or other uses.

To encourage affordable housing, the Commission has adopted a policy of encouraging greater development densities, where consistent with environmental constraints and public service capacities, as a means of enhancing the economic feasibility of providing affordable housing. In some instances, this approach has resulted in direct Commission influence on local governments to encourage density increases. Other development standards, such as parking or setback requirements, have similarly been waived or modified to facilitate lower development costs.

In new housing, the Commission has found that demand forces have pushed prices of market-rate units to an average of over \$100,000 per unit. Such units are clearly not affordable to persons of low and moderate incomes, and the gap between incomes and market prices has been widening in the past several years. The strong demand situation which has created this circumstance, however, also creates the economic flexibility for developers to provide a portion of new projects at affordable prices and still make a reasonable profit. Based on the experience of reviewing hundreds of permit applications and repeatedly considering "economic flexibility", the Commission has found that direct, on-site inclusion of approximately 25 percent of a project as affordable housing is feasible in most projects of 16 units or greater.

Where economic feasibility limits the ability of the applicant to provide affordable units on the project site, where density increases are not possible or appropriate, the Commission has adopted a policy of working with permit applicants to achieve housing goals through alternative means. Primary among these alternatives have been dedications of land alone to housing agencies or off-site dedication of affordable housing. At Marina del Rey, for example, the developer of a luxury 271-unit condominium project dedicated a three-acre parcel for a Coastal Conservancy affordable housing project of 50 units. The San Diego Coast Regional Commission negotiated a land dedication of approximately three developable acres with a developer of 145 single-family residences; this land dedication will ultimately provide about 50 affordable units.

Honorable Marian Bergeson

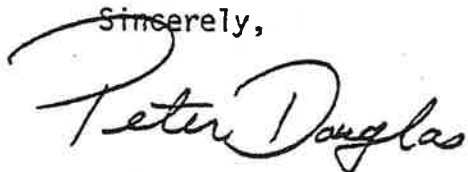
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Since January 1, 1977, it would be fair to estimate that the Commission's implementation of the Coastal Act's low and moderate income housing policies has resulted in more than 3000 units of affordable housing. Based on our experience, there are no guarantees that the local government's housing element will be as effective. In fact, most, if not all, of the jurisdictions south of Ventura County are six months overdue on submitting a housing element.

If you should have any questions regarding the Commission's policies or position, please contact me.

Sincerely,



Peter Douglas
Deputy Director

Enclosure

cc: Honorable Victor Calvo, Chairman
Assembly Committee on Resources,
Land Use and Energy
Members, Assembly Committee on
Resources, Land Use and Energy
Honorable David Roberti
Honorable Daniel Boatwright
Honorable Eugene Chappie
Honorable Robert C. Frazee
Honorable Charles Imbrecht
Honorable Patrick J. Nolan
Honorable Stan Statham
Honorable Phillip D. Wyman
Honorable John Briggs
Honorable William Campbell
Honorable William Craven
Honorable Marz Garcia
Honorable Ray Johnson
Honorable Robert Nimmo
Honorable Ollie Speraw
Honorable Walter Stiern
Jim Neff, Governor's Office
Bob Moore, Governor's Office
Michael Fischer
Joseph Petrillo, State Coastal Conservancy
Jan Denton, Resources Agency
Coastal Commissioners