

Governor is pessimistic on major deal to address California's housing affordability crisis

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Gov. Jerry Brown proposed no new money or policy changes to address the state's housing affordability crisis in the May revision to the state budget, saying that the state shouldn't spend money on low-income housing unless it also makes politically hard decisions to lower building costs.

"I don't think we should throw money at the housing problem if we don't adopt real changes that make housing production more efficient and less costly," Brown said at a Thursday morning press conference. "We've got to do that first."

In last May's budget revision, Brown unveiled a plan to limit some local review over developments that included units for low-income families and later agreed to tie \$400 million in housing funding to its passage. But lawmakers balked at the governor's proposal and it went nowhere.

Brown reiterated Thursday that he would only be willing to spend money on housing if legislators also agreed to reforms that lower construction costs. The average cost of building a low-income housing unit is \$332,000.

Citing last year's experience, the governor called making those changes "difficult." In 2016, powerful labor and environmental groups opposed the governor's housing plan, contending that it should require union-level wages for construction workers and leave largely unchanged state environmental laws governing development.

"People rail against red tape, but they become very accustomed to it," Brown said of housing regulations. "In fact, they even become addicted to it."

State legislators have proposed 130 bills this year to address the state's housing affordability crisis — one-third of California renters, for instance, spend more than half their income on housing.

Major bills still in play include plans to raise low-income housing money through new real estate transaction fees and to end the state's mortgage interest deduction on many second homes. There is also a proposal to streamline local review in jurisdictions behind on their state housing production goals.