

## How to alleviate the housing crisis: One advocate speaks

*The Mercury News, by Richard Scheinin, 07/21/2016, 08:00:00 AM PDT*

When Bay Area policy wonks get together to talk about the region's housing crisis, Matt Regan tends to be there. An expert with an un-wonky way with words, he's known for getting down to the nitty-gritty.

That's why we called Regan, 47, to talk about housing. Senior vice president of public policy and government relations for the Bay Area Council, he quickly connected the dots, calling housing "the DNA" that underlies a whole set of regional issues.

"We're in a nonsustainable situation from an environmental standpoint, from an equity standpoint, from an economic standpoint," he said. "And if we're to address any one of those problems, we have to understand that housing's at the root of it."

[This interview has been edited for length and clarity.]

Q. The housing crisis is such a tangle of problems, compounded over decades. Are you optimistic that anything can be done to help?

A. It can be a very trying profession to be a housing advocate in California. There's so much cognitive dissonance on display when it comes to folks' attitudes about housing and transportation. Sometimes you scratch your head and ask, "Is it willful? Are people really this ignorant? Do people really not understand that the horrendous traffic is caused by too many people having to drive two hours to work each day because they can't afford to live near their jobs?" The people who complain loudest about the traffic are often the same people who show up on Tuesday nights at City Hall to oppose new housing in their neighborhood. It's not sustainable.

Q. Tell me two policy initiatives that could turn the housing crisis around.

A. We need more investment. Since the redevelopment agencies were dissolved by the state a few years ago, cities have lost millions of dollars a year for affordable housing, which was a huge hit. Also, bond measures that were passed years ago have expired, and the federal government over the last decade or so has been getting out of the affordable housing business.

In the last 12-18 months, affordable housing funding just dropped off a cliff. Yet we're seeing some encouraging signs. Santa Clara County is going to the voters in November with a \$950 million affordable housing bond measure. Alameda County is going to their voters as well, with a \$580 million bond. There's chatter about San Mateo County going for a bond, too. We need all these measures, and more -- more investment in affordable housing.

Q. What's the second initiative?

A. Regulatory reform. It's incredibly expensive to build housing in California. Our home prices are not all driven by speculation. It's not all driven by Chinese investors coming here and buying up houses with all-cash offers. It's driven in large part by a regulatory scheme that makes the construction of new homes incredibly expensive. We have a lot of well-intentioned laws -- governing building standards for things like energy and water efficiency and safety -- but when you combine them with the many impact fees that cities charge on new development and add them all to the cost of a home, it becomes incredibly burdensome. Before a homebuilder puts a shovel in the dirt, they could be \$100,000 in the red already.

In 1950, a house in California was 10 percent more than the national average. But now it's more than double the average, and much of it is due to the regulatory situation.

We need to find a way to reduce the double-digit inflation in home construction costs that we're seeing. The governor's new "as of right" proposal for residential development has that goal in mind. Basically, what it does is, it says local jurisdictions get to do their own zoning -- they get to determine where homes go, where industry goes, where retail goes. They get to dictate what their communities look like going forward. Unfortunately, what happens today at the end of the process is that a cranky neighbor files a CEQA (California Environmental Quality Act) lawsuit.

Anybody can stop anything because they don't like it. The governor's proposal changes that. Basically, what it does for a developer is say, "If you meet the local zoning, planning and design guidelines, and if you are going to have 20 percent affordable units on-site -- or 10 percent if you're near transit -- then the project does not have to go through further discretionary review or pass through the buzz saw of the cranky CEQA neighbor." And the governor is telling the local municipality, "You get to set the standard or the bar as high as you like. But if the developer checks every box that you put in front of them, then the cranky neighbor can't stop the developer."

Q. Some people might say you're opposed to environmental regulation.

A. I'm not. But people take advantage of the law. And it's a type of thinking that goes back to the early days of the environmental movement where the way to protect the environment was to stop things. Today we know the single biggest way to cut greenhouse gas production in the Bay Area is to build transit-oriented homes close to job centers, but CEQA has not been reformed in a way to make that possible. It is still a law designed to stop projects, good and bad alike. And it's irksome that groups like the Sierra Club even today are ardently opposed to many of the infill housing projects that we need to reduce our greenhouse gas emissions.