

REVIVING

Housing

the California dream State seeks solutions to gridlock stalling homebuilding and creating a housing crisis

REAL ESTATE

By Adam Nagourney and Conor Dougherty

The New York Times

A full-fledged housing crisis has gripped California, marked by a severe lack of affordable homes and apartments for middle- class families. The median cost of a home here is now a staggering \$500,000, twice the national cost. Homelessness is surging across the state.

In San Bernardino County, one out of every 10 residential units is crowded, meaning it has more than one resident per room. The situation has a negative impact on high school graduation rates, according to a study released earlier this year by Cal State San Bernardino.

In Los Angeles, booming with construction and signs of prosperity, some people have given up on finding a place and have moved into vans with makeshift kitchens, hidden away in quiet neighborhoods.

In Silicon Valley — an international symbol of wealth and technology — lines of parked recreational vehicles are a daily testimony to the challenges of finding an affordable place to call home.

The extreme rise in housing costs has emerged as a threat to the state's future economy and its quality of life. It has pushed the debate over housing to the center of state and local politics, fueling a resurgent rent control movement and the growth of neighborhood "Yes in My Back Yard" organizations, battling long-established neighborhood groups and local elected officials as they demand an end to strict zoning and planning regulations.

In Riverside and San Bernardino counties, new home construction lags far behind pre-Great Recession days.

Riverside County had 29,994 single-family residential permits granted in 2005 valued at \$6.2 billion; San Bernardino County had 15,305 valued at nearly \$3 billion.

In 2016, permits for homes were a fraction of those numbers: 5,662 for Riverside County, valued at \$1.5 billion and 2,896 for San Bernardino County with a value

speed at which their home of 28 years sold in Rancho Cucamonga: four days with multiple offers.

"We never dreamed that our home would sell as quickly as it did. Whoa," said Karen.

The Keens bought that home in a lottery in 1989, well before the housing bubble, but Karen said competition for homes was intense even then.

"It was definitely a builders' market. It was definitely pretty nuts."

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"The explosive costs of housing have spread like wildfire around the state. This is no longer a coastal, elite housing problem."

— *Sen. Scott Wiener, D-San Francisco*



Karen and Keith Keen, with Rambow, are shown moving into a home Thursday in Temescal Valley. Their previous home in Rancho Cucamonga sold in four days.

PHOTOS: TERRY PIERSON — STAFF PHOTOGRAPHER



New homes are being built in the Terramor gated community in the hills east of I-15 and north of Indian Truck Trail along Temescal Canyon Road on Thursday in Temescal Valley.

of \$706.6 million, according to the Construction Industry Research Board.

CIRB forecasts 6,893 single-family permits in Riverside County and 3,609 for San Bernardino County for all of 2017.

New homes are going up at Terramor, a master-planned community along I-15 in Temescal Valley. Developers, including Del Webb, KB Home and CalAtlantic Homes, credit Riverside County and local officials for getting buy-in from Terramor's neighbors and streamlining construction.

The first residents, retirees Keith and Karen Keen, moved into their customized, 2,000-squarefoot home last week.

In a phone interview, they said they were surprised at the speed they went through escrow, and the

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In Sacramento, lawmakers are considering extraordinary legislation to, in effect, crack down on communities that have, in their view, systematically delayed or derailed housing construction proposals, often at the behest of local neighborhood groups. The bill was passed by the Senate last month and could be acted on as soon as this week.

"The explosive costs of housing have spread like wildfire around the state," said state Sen. Scott Wiener, D-San Francisco, who sponsored the bill. "This is no longer a coastal, elite housing problem. This is a problem in big swaths of the state. It is damaging the economy. It is damaging the environment, as people get pushed into longer commutes."

For California, this crisis is a price of this state's economic boom. Tax revenue is up and unemployment is down. But the churning economy has run up against 30 years of resistance to the kind of development experts say is urgently needed. California has always been a desirable place to live and over the decades has gone through periodic spasms of high housing costs, but officials say the combination of a booming economy and the lack of construction of homes and apartments have combined to make this the worst housing crisis here in memory.

Housing prices in Los Angeles, San Francisco, San Jose and San Diego have jumped as much as 75 percent over

people you need to build a lot, and the state's big metro areas haven't since the early '70s. To catch up, cities would need to build housing in a way that they haven't in two generations."

Coastal cities — which tend to have the worst housing problems — have the most scarce land. Still, economists say, the high cost of all housing is first and foremost the result of a failure to build. The state has added about 311,000 housing units over the past decade, far short of what economists say is needed.

"Cities have proven time and time again that they will not follow their own zoning rules," said Brian Hanlon, policy director of the San Francisco Yimby Party, a housing advocacy group. "It's time for the state to strengthen their own laws so that advocates can hold cities accountable."

Still, few elected officials are eager to risk community anger by forcing through construction that would, say, put a 10-story apartment building at the edge of a neighborhood of single-family homes. That has turned California into a state of isolated and arguably self-interested islands.

The situation has been aggravated by places such as Brisbane, just south of San Francisco, which has encouraged extensive office development while failing to build housing.

"We have cities around California that are happy to welcome thousands of workers in gleaming new tech and innovation campuses, and are turning a blind eye to their housing need," said David Chiu, a San Francisco Democrat who leads the Assembly Housing and

the past five years.

The bill sponsored by Wiener, one of 130 housing measures introduced this year, would restrict one of the biggest development tools that communities wield: the ability to use zoning, environmental and procedural laws to thwart projects they deem out of character with their neighborhood.

The debate is forcing California to consider the forces that have long shaped this state. Many people were drawn here by its natural beauty and the prospect of low-density, open-sky living. They have done what they could to protect that life. That has now run up against a growing generational tide of anger and resentment, from younger people struggling to find an affordable place to live as well as from younger elected officials, such as Mayor Eric M. Garcetti of Los Angeles, who argue that communities have been failing in what they argue is a shared obligation.

For the past several decades, California has had a process that sets a number of housing units, including low-income units, that each city should build over the next several years based on projected growth. Wiener's bill targets cities that have lagged on building by allowing developers who propose projects in those places to bypass the various local design and environmental reviews that slow down construction because they can be appealed and litigated for years.

The bill applies only to projects that are already within a city's plans: If the project were higher or denser than current zoning laws allow, it would still have to go through the City Council. But by taking much of the review power away from local governments, the bill aims to ramp up housing production by making it harder to kill, delay or shrink projects in places that have built the fewest.

California is the toughest market for first-time homebuyers and the cost of housing is beyond reach for almost all of this state's low-income population. Despite having some of the highest wages in the nation, the state also has the highest adjusted poverty rate.

"California is a beautiful place with great weather and a terrific economy," said Issi Romem, the chief economist with Build-Zoom, a San Francisco company that helps homeowners find contractors. "To accommodate all those

Community Development Committee. *Staff writers Fielding Buck and Richard K. De Atley contributed to this report.*



Keith Keen gets Rambow to sit as wife Karen looks on in their new home in the Terramor gated community in Temescal Valley on Thursday.

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