



April 9, 2018

Honorable Scott Wiener
State Capitol Room 4066
Sacramento, CA 95814

Re: SB 827 – Oppose Unless Amended

Dear Senator Wiener,

Enterprise Community Partners (“Enterprise”) writes to regretfully oppose SB 827 unless it is amended to explicitly serve the housing needs of low-income Californians through affordability requirements. We appreciate and share your concerns about the housing crisis in California, and are deeply committed to sustainable and equitable development. Unfortunately, as written, SB 827 will exacerbate the very issue it seeks to remedy.

Enterprise’s mission is to create opportunity for low- and moderate-income people through affordable housing in diverse, thriving communities. Enterprise is the leading provider of the development capital and expertise it takes to create decent, affordable homes and rebuild communities. For more than 30 years, Enterprise has introduced neighborhood solutions through public-private partnerships with financial institutions, governments, community organizations and others that share our vision. We have raised and invested more than \$36 billion in equity, grants, and loans to help build or preserve more than 529,000 affordable rental and for-sale homes to create vital communities. In California, we have invested over \$2 billion through Low Income Housing Tax Credits, grants, and loans to nonprofit and for profit developers of affordable housing and other community development projects.

Enterprise is also engaged in fair housing work at all levels of government. In California, we worked with the City of Los Angeles and are working with the City of San Francisco to complete their Assessments of Fair Housing. At the state level, Enterprise is engaged with the California Department of Housing and Community Development and the Tax Credit Allocation Committee to develop policies that expand access to opportunity through state low-income housing investments. An important component to our state and local policy work is to pursue policies that remove barriers to fair housing and that connect low-income families to opportunity.

We support the goal of removing local barriers to housing production and of increasing residential densities, especially around high-quality transit. We agree that local land use decision-making has often been a significant barrier to the development of housing, as well as a tool for segregation and exclusion. However, a policy cannot meet that goal or remove such barriers if it fails to preserve the existing supply of affordable housing, protect low-income communities from displacement, and ensure the development of new affordable housing. Instead, SB 827 risks perpetuating, or even codifying, current displacement trends and exacerbating the affordable housing crisis, and fails to achieve fair housing outcomes. By allowing for unlimited

density increases around transit-station areas without a corresponding inclusionary affordable housing requirement and provisions to prevent a net-loss of affordable housing, SB 827 would fail to advance equitable development and miss a tremendous opportunity to provide high-quality affordable homes for our most disadvantaged and transit-dependent households.

The housing crisis in California will not be solved without housing affordable to low-income households. There is a disproportionate need for more housing affordable to low, very, and extremely low-income households. Our lowest income residents face the greatest housing cost burdens and risk of homelessness. Without provisions that require or support affordability, most market-rate housing cannot be built to support the incomes of low, very, and extremely low-income households especially near high quality transit areas. For example, our research shows that while most low-income families in Los Angeles County live in older market-rate homes with low rents, the homes are older and often in a state of disrepair; it takes decades and certain conditions for market-rate housing to become affordable to low-income households. Hence, it is broadly recognized that more market-rate housing will not by itself meet today's housing needs for our most vulnerable residents, and this bill, as written, does not recognize that market failure. We support the production of new housing, but urge amendments that create an inclusive solution that guarantees new homes for a range of income levels. Furthermore, recognizing existing local inclusionary zoning is insufficient, as there are many localities that have not adopted inclusionary zoning but are desperately in need of more affordable housing and are displacement battlegrounds, such as the City of Oakland and the City of Long Beach.

Developing affordable housing is the most effective anti-displacement strategy. While we appreciate the March 1st amendments, the bill still does not prevent nor mitigate both direct and indirect displacement that will occur as a result of SB 827. Research shows that increased market-rate development near transit without investments in preserving and creating affordable housing will displace core transit riders, who are primarily low-income, in transit-rich neighborhoods. At the very least, this bill should “do no harm.” SB 827 should include a provision requiring no net loss of affordable housing, whether rent controlled, deed-restricted, or simply occupied by lower-income households. There are concerns about the indirect displacement of residents stemming from the inevitable neighborhood change that would occur with a surge of market-rate development, and the most concrete solution is to develop more affordable housing. Relocation assistance will not allow low-income residents to remain in their communities; only affordable housing can ensure that low-income households can afford to stay in place.

Replacing restrictive zoning with market-rate development does not advance fair housing goals. Fair housing advocates have been long calling for an end to restrictive zoning. Enterprise is deeply committed to advancing fair housing outcomes, and works at the federal, state, regional, and local levels to advance policies that will break down segregated housing patterns and increase access to high-opportunity neighborhoods. We applaud efforts to end restrictive zoning; however, if this bill claims to target fair housing outcomes, it must include affordability requirements.

The antidote to segregation and exclusionary zoning is not opening the floodgates to market-rate development; we know that unregulated, unsubsidized market-rate development does not include

a sufficient supply of housing affordable and accessible for low-income and historically marginalized households. Beyond disrupting segregation patterns, affirmatively furthering fair housing requires the intentional promotion of fair housing choice and inclusive communities; there is no choice and consequently no inclusivity if low-income, communities of color are priced out and not provided affordable housing opportunities. The antidote is an inclusive policy that explicitly creates integrated, mixed-income communities.

California is experiencing a new wave of segregation: the displacement patterns in many regions are shaping into resegregation patterns. Our policies must be thoughtfully designed to ensure that low-income communities of color can remain in place to receive benefits from new investments, *and* have affordable housing choices in new development near high-quality transit and in resource-rich neighborhoods. Only with affordability requirements can we guarantee that the alternative to restrictive zoning is truly inclusive and results in more integrated, mixed-income communities.

Let's not repeat history's mistakes. History shows that “market forces” have often led to segregated housing patterns that push people of color out of a neighborhood. Breaking down segregation and the forces that drive it is no easy feat. There can be no short-cuts or assumptions that historically marginalized communities will be served. There must be thoughtful and intentional policy remedies. A policy this transformative, ambitious, and sweeping requires inclusive and evidence-based policy development. Without community engagement, technical analysis, and inclusive collaboration with organizations advancing equitable development, this bill risks replacing one exclusive and damaging framework with another. We can all agree that policies must be carefully designed to unwind our segregated housing patterns and to increase opportunities for all, and the scale of Californians that would be impacted by this bill demands that approach.

SB 827 cannot move forward without affordability requirements, and Enterprise welcomes the opportunity to support—through policy analysis and drawing from our technical expertise—an open process to develop a policy that would achieve more equitable outcomes for Californians.

Sincerely,



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Cc:

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