



# LITTLE HOOVER COMMISSION

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## Commission: Housing Crisis Can Be Solved

The Little Hoover Commission on Wednesday released a report concluding that the State must work more assertively with communities to resolve the shortage of affordable housing that is compromising the quality of life for millions of Californians and the state's future prosperity.

After a 12-month review, the Commission concluded that the state's affordable housing crisis is not just a product of a booming economy and rapid population growth, but a failure by the State to seize every opportunity to spur the development of homes, particularly for low-income Californians.

The Commission found extensive documentation that the shortage of housing is chronic and growing and that the state's poorest citizens suffer the greatest consequences. Among low-income renters, about two-thirds pay more than half of their income for housing and 91 percent pay more than the recommended 30 percent. If current trends continue, state officials estimate California will build less than 60 percent of the new housing needed over the next 20 years.

To address these issues, the Commission urged policy-makers to align planning laws, regulatory reforms, infrastructure funding and other initiatives to more comprehensively encourage cities and counties to do their part to ensure that adequate housing is constructed and affordable housing goals are met.

"With local control comes local responsibility," said Commission Chairman Michael E. Alpert. "The State is not doing all that it could to provide incentives and rewards to local communities that do their part to meet local and regional needs for affordable housing. Nor does it adequately sanction those that fail to do their share."

To encourage housing, state policies require local governments to zone adequate amounts of land for housing - including affordable housing - and the State provides subsidies for some projects. But the State also imposes a maze of conflicting regulatory mandates that can frustrate community plans or can be used as excuses by local officials who do not want to fulfill housing goals.

The State's subsidy programs come and go, depending on political priorities and the State's financial fitness. The \$2.1 billion housing bond measure slated for the November 2002 ballot is historic in size, but by itself will not solve the problem of inadequate supply and escalating prices.

The Commission called on policy-makers to improve the administration of each of the housing programs and align the multiple efforts to provide powerful signals to local officials to support affordable housing projects. For example, the Commission recommended that the State refocus the housing element law from requiring local governments to plan for housing to ensuring that housing is actually built, and it suggested giving priority for infrastructure programs – such as park or water project funding – to communities meeting their goals. The Commission also recommended that regional Councils of Governments be recruited to help resolve controversies over how housing quotas are allocated.

The Commission concluded that state officials need to work to resolve conflicts between important but divergent policies intended to protect the environment and public health, while also ensuring adequate housing. In particular, the Commission found that more could be done to clarify the rules for cleaning up 90,000 industrial sites known as brownfields.

“Brownfields represent a tremendous opportunity to stem the cycle of decay, boost sagging economies and improve the well being of entire communities,” said Commissioner Dan Hancock, chair of the subcommittee that directed the study.

The Commission recommended that the State reduce the risks associated with affordable housing by promoting public-private investment partnerships and streamlining the project approval process to attract more private capital to affordable housing.

The Commission concluded that subsidies, necessary until these strategies take hold, should be consistent, reliable and easy to access. The State's three housing agencies need to expand their efforts to coordinate subsidy programs to reduce the time it takes for builders to assemble the funding and construct homes.

Finally, the Commission said the State should encourage local communities to share in the costs of providing infrastructure for affordable housing projects because the entire community has an interest in making sure that basic human needs are met.

“California created its housing problem – with flawed regulatory and fiscal policies – and it is up to California to fix it,” said Commissioner Hancock. “The State must seize every opportunity to reduce barriers and provide meaningful incentives for local governments to provide affordable housing. When communities don't respond to these “carrots,” the State should limit their access to new funds and discretion over other expenditures.”

The Little Hoover Commission's report, *Rebuilding the Dream: Solving California's Affordable Housing Crisis*, is available on the Commission's Web site at: [www.lhc.ca.gov](http://www.lhc.ca.gov).