

Reducing High Government-related Housing Costs

Arguably, a significant portion of the high cost for new housing and housing shortages are government-caused. Ideally government could and should be part of the solution.

More thoughtful, flexible, and accommodating zoning is needed at the local level.

Onerous compliance cost for design reviews and developer impact fees, especially for “affordable housing” need a significant overhaul, with greater emphasis on the cost.

CEQA should be amended so that it is not so easy for NIMBY-related objections to be raised, especially regarding new multi-unit housing.

Government should be much more circumspect when implementing rent control that distorts housing markets.

“Green” building requirements must include better consideration of the effect on cost for new housing.

Sustainable and “Green” Building Requirements

California state and a growing number of local governments have ratcheted up requirements related to sustainable, green, efficient and even “net-zero energy” buildings.

Many of those requirements relate to the increasingly stringent requirements of California’s Title 24 building code. Examples include requirements for expensive solar energy generation systems, higher wall and ceiling insulation levels, increasing appliance and window efficiency standards, etc.

An increasing number of local governments require all-electric homes, to eliminate use of natural gas.

While well-intentioned, these all add to high up-front cost for homes and high prices for new homes and apartments while the benefits accrue over several to many years.

Ideally an improved benefit/cost methodology is needed assess effects of “green” requirements more holistically.

Government Causes for the High Cost of Housing



Introduction

The high cost for and limited supply of housing significantly affects quality of life and affordability in California.

There are several causes, but many relate to lengthy, expensive, and sometimes punitive and capricious government approval processes.

Consider these key government-related hurdles: 1) restrictive, inflexible and outdated zoning regulations, 2) detailed design guidelines and onerous design review processes, 3) costly NIMBY-related objections to housing developments related to the California Environmental Quality Act (CEQA), 4) unnecessarily high developer impact fees, especially for “affordable housing” requirement, 5) increasingly onerous rent control, 6) sustainability and energy efficiency standards, and 7) high prevailing wages related to union-only contracts, especially for government -owned property.

High Government-related Cost for Housing Development

Housing developers (developers) spend a significant amount of time and resources to pursue amendments to existing zoning restrictions, such as changing commercial or single family detached home zoning to multi-family zoning. Zoning changes are required before architectural design.

Many local design guidelines are proscriptive and/or outdated. Some design reviews include oversight by three entities: design review boards, city councils, and planning commissions. Any of those entities can add arbitrary add costs and requirements that are not rooted in current design guidelines or ordinances. The result: delays, higher cost, and reduced design innovation.

Delays, lasting months if not years, and unnecessarily high cost are often related to objections raised by neighbors using provisions of the California Environmental Quality

Act (CEQA) makes it too easy and inexpensive to file CEQA lawsuits causing significant delays and increased cost.

Significant developer impact fees especially for "affordable housing" requirements and additional local infrastructure often adds tens of thousands of dollars per housing unit and sometimes \$100k or more per unit. And the fees may not even be used for the stated purpose.

Rent control, sometimes punitive, reduces the incentive to offer rental properties, which necessarily decreases the supply of housing and sometimes even leads to housing remaining empty.

“Prevailing wages” for union labor can add 20% to 40% or more to the cost per unit of housing, especially if land purchased is from the government.