

California Has a Housing Crisis. The Answer Is More Housing.

A bill clearing the way for more urban development in the state would help address affordable housing and climate change.

By The Editorial Board

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California finally is beginning to consider solutions to its housing crisis that are on the same scale as the problem.

The state is desperately in need of more housing. Home prices are the highest in the continental United States, and population growth continues to outstrip construction. A 2016 study by the McKinsey Global Institute estimated California needs 3.5 million more homes by 2025 — as much as the other 49 states combined. At the present pace of construction, California will add one million units over that period.

The most promising proposal to supercharge construction is California Senate Bill 50, which would force local governments to allow higher-density development in areas close to transit and jobs. On Wednesday, the legislation cleared a major hurdle, winning the approval of a State Senate committee.

The legislation would rewrite the ground rules for California's urban and suburban landscape, much of which is zoned for single-family housing or other forms of low-density development. The most dramatic change would require populous counties and cities to allow mid-rise apartment buildings around rail stations. It would also place limits on the parking requirements often used to prevent such development.

The legislation would permit a smaller increase in residential density along high-frequency bus lines and around job centers.

Finally, it would allow smaller, four-unit apartment buildings — known as “fourplexes” — throughout the state.

The city of Los Angeles calculates that 43 percent of its developable land would be opened to higher-density development. For wealthy cities like Palo Alto, the Silicon Valley community that abuts Stanford University, the legislation could increase permissible density virtually everywhere. Palo Alto has two commuter rail stations, but like much of suburban California, it has long resisted construction of anything but detached, single-family homes.

The bill faces significant opposition, which in California means it has divided liberals. The sponsor, Senator Scott Wiener, is a San Francisco Democrat, and the bill is backed by politicians including the mayors of San Francisco, San Jose and Oakland, real estate developers and some affordable-housing proponents and

environmental groups. It is opposed by a strikingly similar coalition, including the San Francisco Board of Supervisors, landlords and other affordable-housing proponents and environmental groups.

The opponents of the legislation argue it would actually reduce affordable housing because it would increase housing prices in areas where more development is permitted and because developers mostly would build high-end units. The Los Angeles City Council unanimously opposed the legislation, arguing that the broad-brush approach would undermine the city's efforts to balance necessary housing construction and the preservation of existing communities. A number of other cities have expressed similar concerns.

Regulating the pace of change is a valid goal. But the bill includes meaningful safeguards, added after similar concerns sank a version of the legislation last year. It would protect the existing stock of rental housing by excluding from the new development rules any property used as rental housing at any point in the previous seven years. It would give some lower-income communities five years to develop alternate plans for allowing increased construction. And it would require larger developments to include a specified share of subsidized units or to provide funding for affordable-housing construction.

Opponents of the legislation also seem confused about the mechanics of the marketplace. The spread of gentrification in California is driven by the lack of housing. The state's population continues to grow; the question confronting policymakers is where to put those people. Under the current rules, the state's effective plan is to cede urban areas to the wealthy while forcing less affluent families to live on the state's ever-more-distant suburban fringes.

The alternative of concentrating density along transit lines would allow more people to live in the parts of California with better jobs and services — and shorter commutes. That would mitigate economic inequality.

Precisely because the bill rewrites the rules for so much California land, it is likely to facilitate development at a wide range of price points. But even if the new construction is disproportionately upscale, it could serve to reduce development pressures on communities outside the rezoned areas.

It is not, to be sure, a silver bullet. Even if the state can reduce rents and home prices by greatly increasing the amount of new housing, California still needs to find the means and will to subsidize housing for those who cannot afford market-rate units. But it would be a mistake to preserve some affordable housing by preventing the construction of more affordable housing.

The bill also is a necessary piece of the response to another crisis: climate change. Cities like San Francisco and Los Angeles — landscapes of tall buildings, concrete and traffic-clogged streets — are the most environmentally friendly places for human life on earth. The Harvard economist Edward Glaeser has calculated that the residents of California's core cities use about one-fourth less carbon per year than the residents of the surrounding suburbs. Better yet, the residents of California's cities use less carbon than the residents of any other large American cities because the temperate climate limits the use of air-conditioning and heating.

The paradox, as Mr. Glaeser notes, is that the California coast — the most environmentally friendly place in America for dense housing — is one of the hardest places to build such housing.

It is time to rewrite the rules: The solution to California's housing crisis is more housing.

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