



1215 K Street
Suite 1200
Sacramento, CA 95814
916/443-7933
fax 916/443-1960
www.cbiam.org

2015 OFFICERS

Chair
EILEEN REYNOLDS
Tejon Ranch Company

Vice Chair
DON HOFER
Shea Homes

CFO/Secretary
CHRIS AUSTIN
DPFG

MEMBER ASSOCIATIONS

Building Industry
Association of
the Bay Area

Building Industry
Association of
Fresno/Madera Counties

Building Industry
Association of
the Greater Valley

Building Industry
Association of
San Diego County

Building Industry
Association of
Southern California

Home Builders
Association of
Central Coast

Home Builders
Association of
Kern County

Home Builders
Association of
Tulare & Kings Counties

North State Building
Industry Association

October 16, 2015

California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

Re: CARB 2030 Target Scoping Plan – Workshop Outline

Dear Chair Nichols,

On behalf of the California Building Industry Association (CBIA), thank you for the opportunity to offer these comments on the above noted document. CBIA is a statewide trade organization representing thousands of member companies including homebuilders, land developers, trade contractors, architects, engineers, designers, suppliers and other industry professionals.

California homebuilders lead the nation in innovation and the use of environmentally friendly design, materials and practices. CBIA continually works toward that next level of design and efficiency and we are proud that we've been able to help design the last five triennial updates of California's Title 24 code – by far, the nation's most aggressive building and energy code.

We've also long recognized that today's modern land use planning requires a dynamic approach to responsible development with coordination between local, regional, state and federal agencies. This is what led us to be a key architect of SB 375, and why we remain fully committed to seeing that law implemented in the most successful way possible.

California's Housing Cost Should be Key Consideration

California has a growing housing supply and affordability crisis.

This point was well-articulated recently by the state's Legislative Analyst (LAO) in its report *California's High Housing Costs: Causes and Consequences*. It correctly noted that the primary cause of the problem is fundamental: Supply is not keeping pace with demand driven by population growth, job creation and household formations. The median price of an average California home is nearly two-and-a-half-times the national average. The state's average rent per month is fifty percent higher than the rest of the country. Tellingly, the LAO points out that a significant contributing factor to undersupply are regulatory and legal obstacles to the delivery of new housing units.

Working Californians' and their families are struggling financially to make ends meet and establish a better life for themselves. Unfortunately, this noble goal is made significantly more challenging due in large part to the exceptionally high cost of housing and rents in the Golden State. Poverty rates are high and getting higher in California due in part to higher costs of living driven in large part by high housing costs and rents. Recently, the United Way of California produced a report that nearly 25 percent or nine million Californians are living in poverty – the highest rate in the nation.

As the Board moves forward with the next round of climate strategy, we urge that it be done in a way that is cognizant of and balanced with the need to grow the California economy and meet the housing supply and housing affordability expectations of Californians --- especially those working and middle-income families and individuals.

Energy Efficiency

California has roughly 13.7 million residential units, of which, nearly 2/3rds were built prior to the development of California's first set of building energy standards. CBIA has long supported efforts to increase and advance energy retrofits within the existing housing and building stock. To that end, we are pleased to see the Energy Commission actions developing and adopting the *Existing Building Action Plan* under AB 758 (Skinner, Chapter 470, Statutes 2009) and more recently, the Legislature and Governor's action on AB 802 (Williams, Chapter 590, Statutes 2015).

With respect to new construction, we offer a few cautionary comments:

- CBIA and the broader building community have invested a great deal of time, effort, and resources in participating productively in the CEC's regular energy code update process – every three years with an 18-month interim update. This is a process that we have become accustomed to and affords the building community the opportunity to engage and prepare for what's to come. We recommend that the ARB recognized the timing of the existing code development process and ensure that its efforts are consistent with the CEC's long standing and well understood code development process.
- As to strengthening of CalGreen, the CalGreen building code (Part 6 of Title 24) continues to represent the nation's most aggressive and far-reaching mandatory green building code. CBIA was supportive of the development and adoption of this code. As we move forward with future adoptions we need to ensure that robust and proper analysis is given to future enhancements to ensure that activities such as water conservation and indoor air quality standards do not run afoul of the equally important health and safety provisions. For example, while further reductions in indoor water use is a noble goal, reducing water use in toilets to the point they don't operate properly to remove solid waste poses serious health risk.

Natural & Working Lands

Although the notion of natural and working lands has been out there for some time, it has not been identified as a specific area of focus for significant reductions until now. A clear definition of what a natural or working land is (and is not) will be important going forward. The state planning priorities reference a similar term ... *working landscapes* ... and defines it as encompassing very broad, general swaths of California's landscape. We urge the Board to exercise caution and resist jumping to the conclusion that simply because a parcel of land may be described or designated as "natural or working" that it is worthy of permanent protection or that a conversion of such land to another use is a threat to its "value."

For purposes of illustration, agricultural resources protected under CEQA must be of prime or unique value or be farmland of statewide significance. The permanent protection (or minimization) of farmland conversion --- irrespective of whether the land is irrigated, has quality soils or has ever been productive could result in unbalanced planning and impact housing supply and affordability because property markets require adequate supplies and necessary reserves in order to properly function and keep land costs in check.

We do not disagree that appropriate stewardship of important and valuable natural resource lands is very important. However rather than viewing these lands solely as

carbon sinks, a better vision in rural areas (which is where many of these natural and working lands lie) is to recognize the dynamic nature of rural societies and ensure that strategies in these areas ensure greater equity in the provision of conventional infrastructure investments in things such as water and roads, where appropriate.

Transportation & Land Use

As noted above, CBIA is committed to ensuring that the land use, transportation, housing, GhG connection represented by SB 375 is a success.

The workshop outline identifies four specific land use strategies to achieve the 2030 “vision”:

- Support planning to reduce vehicle activity
- Incent compact development
- Encourage local implementation of regional SCSs
- Provide guidance for sustainable practices

These 2030 strategies are fine as far as they go and we look forward to seeing more detail going forward. But the reality is that we face significant challenges in realizing the existing, established 2020 goals.

Underlying the SCSs are ambitious growth and land use forecasts that envision higher and denser levels of development within regions. However, given the slow and uneven pace of the housing recovery and the uncertainty of the forecasts underlying the strategies it is important that regions have a full eight years to accomplish their 2020 goals and that the Board avoid pressure to prematurely revise the targets lest they become “moving targets.”

We recommend that the Board encourage regions to “ground-truth” the assumptions contained in their plans by monitoring actual development compared to the projections contained in the SCS. Likewise, we believe it important for regions to track and quantify the number of units that were effectively able to utilize the CEQA streamlining provisions of SB 375. As regions move forward in the next update of their SCS the information gained from these processes will help to shape the reliability and feasibility of land use policies, financing and infrastructure needs, market demand and other critical considerations. This information should be published and readily available prior to the release of the next draft SCS.

For SB 375 to effectively move from vision to implementation regions and localities must have a broad-based and effective set of tools to finance the rehabilitation, re-sizing and modernization of old and, in many cases, antiquated infrastructure in existing metropolitan areas. With the loss of redevelopment, that job has become significantly more challenging. This is not something the private markets or private financing alone will be able to shoulder.

The same holds true for financing of our transportation and transit systems. Metropolitan planning organizations and local transportation planning agencies alike face capital funding shortfalls to carry out their programs. For nearly a century the gas tax has been a reliable and relatively stable source of funding for our road and transit networks. While it remains a primary source, there are many who fear the gas tax is not sustainable over the long term as vehicles become more fuel efficient.

Additionally, the need to better balance appropriate environmental review under the California Environmental Quality Act (CEQA) with the goal of providing meaningful streamlining for projects determined by the local lead agency to be consistent with the regionally-adopted SCS is essential to the successful implementation of SB 375.

Thank you for your consideration of our views and we look forward to being a partner in the Update process.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Lyon", with a stylized flourish at the end.

Richard Lyon
Senior Vice President
California Building Industry Association