CCA
CENTRAL CITY ASSOCIATION OF LOS ANGELES

November 12, 2018

Mary Nichols
Chair, California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Inclusion of Mass Timber in Cap-and-Trade Investment Plan

Chair Nichols,

Established in 1924, Central City Association (CCA) is committed to advancing policies and projects that enhance Downtown Los Angeles' vibrancy and increase investment in the region. CCA represents more than 400 businesses, trade associations, and nonprofit organizations, and we are strongly supportive of efforts to improve sustainability and invest in better housing and transportation options for our residents.

To further the California Air Resources Board's sustainability goals and statewide efforts to address housing affordability and homelessness challenges, we request that the cap-and-trade investment plan include mass timber as one of its climate investment priorities and explore offering tax credits to mass timber manufacturers.

Mass timber buildings are those for which the primary load-bearing structure is made of either solid or engineered wood, including cross-laminated timber (CLT). Mass timber buildings have been built across the world, including a 14-story building in Norway and an 18-story apartment tower in Vancouver, B.C. In the U.S., the largest mass timber building to date is a 7-story office building in Minneapolis, the T3, completed in 2016.

Mass timber and CLT have many benefits, including:

- **Environmental Sustainability:** Buildings account for approximately 40% of carbon emissions in the U.S., so reducing the environmental impact of building construction can have an unparalleled effect on emissions. Mass timber is more environmentally sustainable than concrete or steel, sequestering carbon to offset much of the embedded energy of growth, harvesting, processing, and transport. Mass timber also has better outcomes with respect to smog, ozone depletion, fossil fuel consumption, and human health effects, among other emissions-related benefits. It is approximately 1/5 the weight density of concrete, allowing it to be transported in much larger quantities for the same financial cost and environmental impact.

626 Wilshire Blvd., Suite 850, Los Angeles, CA 90017
213.624.1213 | ccala.org

- **Construction Speed:** Mass timber buildings can be built faster than buildings using other materials, including regular wood, helping deliver much-needed housing more quickly in the midst of a historic housing shortage. This is especially important for affordable and permanent supportive housing being built to address rising homelessness.
- **Affordability:** Mass timber is less expensive than concrete or steel, which in addition to faster construction times will reduce the cost of new housing for California residents.
- **Labor Demands:** Mass timber is pre-cut and fabricated off-site, reducing labor costs and helping offset the impacts of the construction labor shortage in California's large cities.
- **Jobs and Local Market:** Mass timber offers an opportunity to develop a sustainable growth, harvesting, and manufacturing market within California and in the U.S. This is especially important now given the tariffs on steel and other common construction materials.
- **Aesthetics:** Mass timber structures offer a "warmer" feel and a significantly different – and to many, more attractive – appearance than structures built with traditional materials. They can help add to the diversity of our building stock in a way that helps generate popular support for much-needed housing.

Building codes at the federal, state, and local level currently permit mass timber structures up to 6-7 stories tall, which is a common mid-rise height for residential and mixed-use development in California. Contractors and developers in California have little or no experience with mass timber, however, and there is currently limited manufacturing and market infrastructure for mass timber. Further, regular timber + concrete mid-rise structures (typically constructed as 5 floors of wood above 2 floors of concrete) are relatively inexpensive to build. This has meant that despite mass timber structures being legal to build, and presenting numerous benefits compared to other construction types, mass timber buildings have not yet caught on in California.

The International Code Council is currently in the process of updating its codes for the 2021 cycle to allow mass timber buildings up to 18 stories tall, which will put mass timber at a strong competitive advantage relative to concrete and steel buildings. (Regular wood construction is not permitted beyond 7 stories, so its lower price doesn't benefit taller projects.)

To prepare for a near future when tall wood buildings are permitted by code, and to take advantage of the many immediate benefits of mass timber, we believe now is the time to begin investing in smaller-scale mass timber projects throughout the state: developing local expertise, adopting appropriate and expedited bureaucratic processes, and building a market for mass timber production and manufacturing. Mass timber is still unproven in California – despite great success in other locations throughout the world – and mass timber is still less

CCA
CENTRAL CITY ASSOCIATION OF LOS ANGELES

competitive on cost for buildings 7 stories and below, so for a short time mass timber will depend on support from the public sector to catalyze this sustainable and affordable market.

CCA's recommendation is to use state cap-and-trade funds to support non-profit developers who wish to build affordable and permanent supportive housing projects using mass timber. Because these projects already receive public funding, are held to high environmental standards, and are not profit-motivated, they are a natural choice as a testing ground for new construction materials and methods – like mass timber – that will support important government goals like environmental sustainability and housing affordability. Also, given the neighborhood objections that sometimes accompanies affordable and homeless housing developments, the unique and attractive aesthetic of mass timber buildings may also help quell some opposition.

In addition to support for mass timber construction, tax credit assistance for mass timber manufacturers would help with the off-site materials development that is a critical factor in the success of a mass timber market. We suggest that both non-profit developer assistance and manufacturing tax credits should be pursued simultaneously with the goal of advancing each to self-sufficiency within a few years.

Without public support – both financial and institutional – it's unlikely that developers will take the risk of being the first to try a new construction approach like mass timber. This is unfortunate given all of the benefits enumerated above and the relatively modest investment required to kickstart this new market. By supporting early adoption of mass timber, the Air Resources Board can dramatically improve the trajectory of greenhouse gas emissions – as well as housing affordability, homelessness, and urban design and aesthetics – for the entire state.

We hope that you will consider including funding for the testing and development of mass timber buildings in California, and we look forward to continuing this conversation in the coming months. Thank you for your consideration and for your ongoing efforts to promote environmental sustainability, improved mobility, and economic growth in California's communities.

Sincerely,

Jessica Lall
President & CEO, Central City Association of Los Angeles

626 Wilshire Blvd., Suite 850, Los Angeles, CA 90017
213.624.1213 | ccala.org