



April 12, 2022

The Honorable Ben Allen, Chair
Senate Environmental Quality Committee
1021 O St., Room 3230
Sacramento, CA 95814

RE: Senate Bill (SB) 1404 (Stern) – HOUSING KILLER – OPPOSE

Dear Chairman Allen,

On behalf of the California Building Industry Association (CBIA) and the above listed organizations we write to inform you of our opposition to SB 1404 (Stern). Given its tremendously onerous impact, it has been designated as one of a few **HOUSING KILLERS** in 2022. At a time when the legislature should be laser focused on responding to the housing crisis, SB 1404 instead makes the housing crisis worse by arbitrarily and statutorily defining what is considered a significant environmental impact when removing an oak tree (significant effect = three trees removed).

While California's homebuilders are supportive of reasonable and appropriate land and tree conservation, demonstrated by our sponsorship of SB 375 (Chapter Number 728, Statutes of 2008), the practical impact of SB 1404 will be to unreasonably drive-up housing costs and take more land off the table for sheltering Californians. California's land supply for purposes of housing is already extremely limited, and this bill will further reduce the supply of affordable housing in California by artificially inflating the cost of land. This, in turn, would only further exacerbate the long-standing crisis California faces with providing a sufficient supply of housing for its almost 40 million residents.

To put this concern in greater context, less than six percent of California's 100 million-plus acres is currently developed. In contrast, more than fifty percent of the land within California's boundaries is comprised of land owned by the federal government, by the state, and by Native American tribes and, as such, is not available for homebuilders to build on. Yet another approximately 14 percent of land in California is protected by long-term Williamson Act Contracts, while another 8.5 percent of land here is designated critical wildlife habitat. The sum total of all of those percentages still does not take into account the myriad of other additional man-made and natural land use restrictions and prohibitions that exist throughout California, including, but not limited to, wetlands, flood zones, seismic areas, toxic sites, land placed under conservation easements, and designated wildlife corridors.

Since the 1970's, California has experienced a prolonged and ever-increasing shortage of housing for its residents. That chronic supply shortage is now estimated at 2.5 million housing units. The housing imbalance between supply and demand here in our state has driven California's housing costs to such heights that they are the highest in the nation, with an average median home price now 2.5 times the U.S. median. In California's coastal areas, the housing shortage is still greater with median prices in the Bay Area surpassing \$1million. This is a situation that is completely untenable for working Californians and their families today, as well as in the future, and as such, cries out for state and local officials and the homebuilding industry to work together in meaningful ways to bring more housing to Californians so together we can begin to correct what has been for too long a persistent and unjust imbalance.

As currently drafted, SB 1404 would prohibit a government agency from determining what constitutes a significant environmental impact when removing oak trees, and replaces their discretion with a rigid (and unscientific) threshold of significance and suite of mitigation requirements. Moreover, the bill removes a longstanding provision (page (4) lines 11-14) that ensured compliance with oak woodland conservation resulted in a determination of compliance so a project was not held up in court, or worse stopped all together.

At a time when California maintains among the highest housing costs in the country and a homeless crisis that persists despite billions of dollars in state investment, we cannot afford to continue to force arbitrary costs onto new projects. For these reasons, we must label SB 1404 a **HOUSING KILLER**, and respectfully request a no vote.

Thank you for the consideration of our views and please contact me if you have any questions about our policy position.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael A. Gunning', with a stylized flourish at the end.

Michael A. Gunning
Senior Vice President of Legislative Affairs



Jelisaveta Gavric
Legislative Advocate
California Association of Realtors



Matthew Hargrove
President and CEO
California Business Properties Association
NAIOP California
Building Owners and Managers Association of California (BOMA)



Adam J. Regele
Senior Policy Advocate
California Chamber of Commerce

Connor Medina
Government Affairs Manager
Orange County Business Council

Brooke Armour Spiegel
Vice President
California Business Roundtable

Louis Mirante
Legislative Director
California YIMBY

cc: Senator Henry Stern
Members, Senate Environmental Quality Committee
Genevieve Wong, Principal Consultant, Senate Environmental Quality Committee
Scott Seekatz, Consultant, Republican Office of Policy