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May 5, 2021

Honorable Gavin Newsom – Gov.ca.gov
cc: Jason.elliott@gov.ca.gov
Governor, State of California
California State Capitol, Suite 1173
Sacramento, CA 95814

Kate Gordon – Kate.Gordon@opr.ca.gov
Cc: Shelby.McMichael@opr.ca.gov
Director, Governor's Office of Planning and Research
Chair, California Strategic Growth Council
Senior Policy Advisor to the Governor on Climate
Office of CA Governor Gavin Newsom
1400 Tenth Street
Sacramento, CA 95814

Re: Vehicle Miles Traveled – SB 743 Implementation Adjustment Required to Protect Statewide Housing Production Goals – Convening SB 743 Working Group

Dear Governor Newsom and Director Gordon:

On behalf of the Statewide housing industry, we respectfully and urgently request your assistance with a reconsideration of the implementation of the Vehicle Miles Traveled (VMT) standard under the California Environmental Quality Act (CEQA). Such an adjustment is necessary to protect and expand equitable housing opportunities for all. Our request is made with this new development in mind in San Diego County.

On May 19th, the San Diego County Board of Supervisors is set to hear a County Staff proposal which would add VMT mitigation fees ranging from $50,000 to $2,000,000 per dwelling unit. We cite one example of the housing cost impact studied by the County. A $2,000,000 per dwelling unit VMT mitigation fee would apply to Ocean Breeze Ranch, approved for 398 Single Family Dwelling units. This project is located immediately adjacent to the intersection of Interstate 15 and State Highway 76. A total VMT payment of $800 Million would be required because while demonstrably roadway close it is not public transportation close. In theory, this $800 Million fee payment would build 2,000 affordable housing units. In reality, the VMT fee would render this project wholly infeasible.

New homes regardless of location have a lower carbon footprint than older homes thanks to the frequent updates to the energy and building codes. New homes are 70% more energy efficient than homes built just 70 years ago and 50% more water efficient than 20 years ago. New homes also come with solar roofs and EV Ready and electrical systems.

Curtailing home production will simply increase VMT because homebuyers and renters can't afford housing in VMT preferred locations. This forces Californians to choose between shelter or healthcare, utilities, or food while making them more dependent on government funded programs. If enacted, San Diego's already low housing supply conditions will worsen to the point of immateriality. San Diego's numerous no-growth cities will be eager to adopt similar VMT fees in the name of Climate activism while simultaneously placating their NIMBY constituents. Fifteen (15) out of San Diego's nineteen (19) jurisdictions with land use authority are already failing their newly assigned 6th Cycle RHNA allocations. VMT mitigation fees should not be used as a club to curtail housing construction and its concept could not have come at a worse time. The County's proposal is attached.

In response to stakeholder feedback, Caltrans and OPR are forming an SB 743 Implementation Working Group (Working Group). The stated purpose of this Working Group is to provide stakeholders from the public, private and non-governmental sectors collaborative opportunity to contribute to the advancement of the State's climate, health and transportation goals through successful implementation of SB 743 in connection with both land development and transportation investments. The consideration of even a median VMT fee at $150,000 per dwelling unit will not prove to be a successful implementation of SB 743, when existing commuting patterns shall expand with increased housing poverty leading to direct conflicts with your stated housing objectives.

We respectfully ask for OPR to now convene the SB 743 Working Group to learn about San Diego's VMT implementation experiment and to hear from our industry representatives how supply will be adversely impacted.

We hope you will join us in opposing harmful SB 743 implementation strategies that challenge a stronger and more inclusive California housing recovery.

Sincerely,

Borre Winckel, President & Chief Executive Officer
Building Industry Association of San Diego County

Dan Dunmoyer, President & Chief Executive Officer
California Building Industry Association

Jeff Montejano, Chief Executive Officer
Building Industry Association of Southern California

Michael Stretch, President & Chief Executive Officer
North State Building Industry Association

John Beckman, Chief Executive Officer
BIA of the Greater Valley

Dave Dmohowski, Executive Officer
Home Builders Association of Kern County

Diana Coronado, Vice President
Building Industry Association of Southern California – Los Angeles/Ventura Chapter

Bob Glover, Executive Officer
Building Industry Association Bay Area

Steve La Motte, Executive Officer
Building Industry Association of Southern California – Orange County Chapter

Carlos Rodriguez, Executive Officer
Building Industry Association of Southern California – Baldy View Chapter

Lou Monville, Interim Executive Officer
Building Industry Association of Southern California – Riverside Chapter

Mike Prandini, President & Chief Executive Officer
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Lindy Hatcher, Executive Director
Home Builders Association of the Central Coast