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BUILDING INDUSTRY ASSOCIATION – ORANGE COUNTY CHAPTER STATEMENT ON INCLUSIONARY ZONING IN TUSTIN

Tustin, CA (April 23, 2018) – The Building Industry Association, Orange County Chapter (BIA/OC) joined the Orange County Business Council, the Orange County Association of REALTORS®, The Pacific West Association of REALTORS®, the Orange County Taxpayers Association, the California Apartment Association, and residents of Tustin in opposition to Inclusionary Zoning Tuesday night.

Inclusionary zoning is a Government mandate to force the building community to include a certain percentage of low-income housing in new developments, possibly requiring new homebuyers and renters to pay even more for their housing. Generally, the obligation can be met through building the units on-site or by paying an in-lieu fee arranged by the city. However, an array of studies and recent reports show that this policy unnecessarily increases the cost of middle-class housing, has a cooling effect on development overall, and does not guarantee more low-income housing will be built—in fact, in some cases, cities without inclusionary zoning have produced more affordable housing than those cities with it.

The BIA/OC first learned of the City's desire to implement Inclusionary zoning at the start of 2018 and engaged in two rounds of Planning Commission hearings on the topic. Through a careful presentation of the facts, and with a long list of unanswered questions, the Tustin Planning Commission rejected the Ordinance prior to its presentation to the City Council.

According to the City, staff has worked on this housing tax policy for several years prior to the Tuesday night hearing. However, not one recent community study session was held, and the publicly funded report that justified the up to \$12,000 per unit fee was released the Friday prior to the public hearing and included no examples or comparable information to back up the data.

The City Council unanimously passed the ordinance after a brief staff presentation and council discussion that did not include examining the merits of the policy or a single question on how many units this policy will create or what the impacts will be to local housing costs. Additionally, the policy includes language that seemingly gives the City unlimited authority to charge for monitoring and administrative costs.

The business community expects and relies on our elected leaders to adequately analyze and pick apart policies that could add millions onto the cost of business. We ask that the City hold a study session and look to voluntary solutions to increase housing affordability in Tustin - such as permit streamlining, or modern zoning techniques like the Small Lot Ordinance. Now is not the time to hamper housing supply by increasing the cost to build.