



April 5, 2021

Mayor Rose Espinoza  
La Habra City Council  
110 East La Habra Boulevard  
La Habra, CA 90631

**Re: Item #6 – Consent Calendar – Inclusionary Zoning**

Dear Mayor Espinoza and Honorable City Council Members,

The Building Industry Association of Southern California, Orange County Chapter (BIA/OC) is a non-profit trade association of over 1,100 member companies employing over 100,000 people affiliated with the home building industry. Our mission is to champion housing as the foundation of vibrant and sustainable communities.

We are writing regarding the March 15<sup>th</sup> approval of the inclusionary zoning policy and several serious concerns. Inclusionary Zoning policies are exceptionally complex policy directives that foist increased taxation on the private sector companies working the hardest to address California's housing supply crisis. Increasing burdens on production, to extract fees to fill city coffers, has a very poor track record of solving housing affordability as stated in our March 15<sup>th</sup> letter.

Further, the staff presentation directly linked the Inclusionary Zoning policy to Regional Housing Needs Assessment (RHNA) requirement. This is patently incorrect. RHNA is a zoning exercise that identifies locations in the Housing Element where housing can be achieved. RHNA in no way requires an Inclusionary policy and in fact, a poorly executed policy will stand to harm production which will result in greater RHNA challenges in future cycles.

Next, to advance a policy without adequate, up-to-date market research analyzing what impact such a policy will have on the La Habra housing market is reckless. Further, a rate of \$6.50 a square foot was proposed for use as an in-lieu fee, but this number was not presented as an option in the staff report. Without a market analysis or adequate public notice, it is imperative that the Council withhold consideration of the Inclusionary Zoning Policy's second reading until such time that these issues can be directly addressed and the public be adequately notified.

Additionally, the staff report on this Inclusionary Zoning item contained no information on how such a policy will impact the City's Housing Element. As noted on the California Housing and Community Development webpage:

Like other ordinances related to the development of housing, the housing element must include a description and analysis of the inclusionary framework. For example, the housing element should describe the types of incentives the jurisdiction has or will adopt to encourage and facilitate compliance with inclusionary requirements, what options are available for developers to meet affordability requirements, how the ordinance interacts with density bonus law, the amount of any in-lieu fee, and what finding a developer must make in order to choose to pay the in-lieu fee. If the jurisdiction has established a housing fund to collect any in-lieu fees, the housing element should describe the total amount available for housing production

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and any planned uses for the funds.<sup>1</sup>

The addition of an Inclusionary Zoning tool has the incredible potential to chill housing production and this citation from HCD expresses the proactive steps the City of La Habra will be required to take if adoption moves forward. Once again, it is imperative to have a staff report and council discussion of what this means for the community and how it will alter your local control authority. An Inclusionary Zoning policy is not to be taken lightly.

Respectfully,

A handwritten signature in black ink, appearing to be 'S. LaMotte', with a horizontal line extending to the right.

Steve LaMotte  
BIA/OC Executive Officer

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<sup>1</sup> <https://www.hcd.ca.gov/community-development/building-blocks/constraints/fees-and-exactions.shtml>



March 15, 2021

Mayor Rose Espinoza  
La Habra City Council  
110 East La Habra Boulevard  
La Habra, CA 90631

**Re: Item 1. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA HABRA APPROVING ZONE CHANGE 20-03 AMENDING TITLE 18 ("ZONING") OF THE LA HABRA MUNICIPAL CODE (LHMC) BY ADDING CHAPTER 18.82 ("INCLUSIONARY HOUSING UNITS").**

Dear Mayor Espinoza and Honorable Council Members:

On behalf of a coalition of business and property rights organizations, we respectfully oppose item number 1, the proposal to consider zone change 20-03 amending title 18 ("zoning") of the La Habra Municipal Code by adding chapter 18.82, Inclusionary Zoning.

Housing remains a critical issue in California with the situation growing more serious with each passing day. Studies show that the State needs over 180,000 new units each year and at best we are producing 80,000. This has caused a cascading spike in home prices across the region.

With this ever-growing deficit, we need to have an honest conversation about Inclusionary Zoning Policies. In total, such policies restrain housing production, increase ownership costs and further complicate attainability for the majority of the region.

In a study by Benjamin Powell, Ph.D. and Edward Stringham, Ph.D., titled, *Housing Supply and Affordability: Do Affordable Housing Mandates Work?*, the authors discovered that in the 45 cities where data was available, new housing production drastically decreased by an average of 31% within one year of adopting inclusionary housing policies. Additionally, the study suggests

that inclusionary housing policies can increase new housing costs by \$22,000 to \$44,000, with higher priced markets increasing by \$100,000.<sup>1</sup>

Supporting these conclusions is a recent report from the Legislative Analyst's Office titled *Perspectives on Helping Low-Income Californians Afford Housing*. In this report, it states that “attempting to address the state’s affordability challenges primarily through expansion of government programs likely would be impractical.” Further, that “extending housing assistance to low-income Californians who currently do not receive it – either through subsidies for affordable units or housing vouchers – would require an annual funding commitment in the low tens of billions of dollars. As such, it finds that “many housing programs – vouchers, rent control, and inclusionary housing – attempt to make housing more affordable without increasing the overall supply of housing. This approach does very little to address the underlying cause of California’s high housing costs: a housing shortage.”

To make matters worse, the entire globe has been thrust into the middle of a pandemic. Residents around the Country, especially in California, are being asked to self-quarantine and by extension, limit their access to work. The economic impact of this pandemic will take years to fully comprehend.

We must also address several concerning aspects of this proposed policy that are detailed in the staff report. First, it needs to be clear that approving an inclusionary zoning policy does not help or have an effect on the State mandated Regional Housing Needs Assessment (RHNA) requirements, as cities are only required to zone and plan for the assigned units.

Furthermore, the proposed in-lieu fee is unclear. There is only an example of what the fee could cost and what the fee could be based on at a certain time in the future. Uncertainty can be devastating for a business. However, if we use the example supplied by staff, the inclusionary zoning fee could be upwards of \$20 per square foot for a 40-unit town home project with an average unit size of 1500 square feet. It's important to note that just recently the City of Santa Ana voted to reduce their Inclusionary Zoning fee by 66% because not one building permit was pulled since they increased the fee in 2015. Their fee was \$15 dollars per square foot.

We ask that the city continue to work with the business and development community on real solutions to add much needed market rate, attainable and affordable housing to the County. Blanket, city-wide regulations can only act as a hindrance, as development proposals vary from lot to lot, and are driven by the market. It's stated in the staff report that the City uses a variety of tools to add affordable housing, such as Specific Plans, Planned Unit Developments (PUDs), and Development Agreements. We encourage the City to continue these flexible options that ensure both market rate and affordable units move forward. The Building Industry builds and helps fund the majority of affordable housing, but this is only possible through solutions that make sense for both government agencies and the private sector.

Thank you for your thoughtful consideration.

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<sup>1</sup> Powell, Benjamin, Ph.D. and Stringham, Edward, Ph.D. Housing Supply and Affordability: Do Affordable Housing Mandates Work? Reason Public Policy Institute. April 2004.

Respectfully,



Steven LaMotte  
Chapter Executive Officer  
BIA/OC



Victor Cao  
Vice President of Public Affairs  
California Apartment Association



Jennifer Ward  
Senior Vice President of  
Advocacy and Government Affairs  
Orange County Business Council



Carolyn Cavecche  
President & CEO  
Orange County  
Taxpayers Association



Vickie Talley  
Executive Director  
Manufactured Housing Educational Trust



April 5, 2021

Mayor Rose Espinosa  
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City of La Habra  
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La Habra, CA 90631

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**RE: Consent Item #6 - APPROVE SECOND READING AND ADOPTION OF ORDINANCE NO. 1833: ADDING CHAPTER 18.82 ("INCLUSIONARY HOUSING UNITS")**

Dear Mayor Espinosa and Councilmembers:

The Kennedy Commission (the Commission) is a broad-based coalition of residents and community organizations that advocates for the production of homes affordable for families earning less than \$27,000 annually in Orange County. Formed in 2001, the Commission has successfully partnered and worked with Orange County jurisdictions to create effective housing and land-use policies that have led to the new construction of homes affordable to lower-income working families.

The Commission is submitting this letter in support of the City adopting the second reading and adoption of ordinance NO. 1833 Amending title 18 (Zoning) of the La Habra Municipal Code by adding chapter 18.82 (Inclusionary Housing Units). The Inclusionary Housing amendment is needed to support balanced housing development and create much needed affordable housing for lower income working families in La Habra. With the majority of La Habra families falling into the lower income categories and escalating housing cost, many families are facing housing challenges and are struggling to remain housed. The adoption of the Inclusionary housing ordinance will ensure that affordable housing and market rate housing are built in the City to meet the housing needs of all residents.

For the 2014-2021 Housing Element planning period, the City has a RHNA of 4 units. Per Annual Progress Report submitted by the City, the City has built 0 deed restricted very low-income and low-income units. However, for the above moderate-income units, the City outperformed and exceeded the RHNA by constructing 490 or 49000% of the above moderate-income units. The next Cycle will ask the City to plan for 803 housing units. **With a critical need to create lower income housing opportunities, it is important the City prioritize the development of new affordable homes during this current planning period and the upcoming 6<sup>th</sup> Cycle.**

The Commission looks forward to partnering with the City to increase affordable home opportunities for lower income households in La Habra. Please keep us informed of any updates. Please feel free to contact me at (949) 250-0909 or [cesarc@kennedycommission.org](mailto:cesarc@kennedycommission.org).

Sincerely,

Cesar Covarrubias  
Executive Director

cc: Mr. Paul McDougal, Housing Manager, CA Community Development Department