

California Housing Is a Crisis Newsom Can Take Into His Own Hands

Having survived a recall vote, the governor is free to focus on the state's homeless population and housing shortage. He has more room to maneuver than he did when he first took office.

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The median home price in California has eclipsed \$800,000. Tenants in the state are among the most cost-burdened in the country. Each night more than 100,000 residents sleep outside or in their cars. A crisis, a disaster, the religion of sorrow, a disgrace — whatever journalists and politicians call it, people across the state, including all the major candidates for governor in the recall vote this week, agree that the situation is untenable.

The question is what, if anything, the governor can do about it. It's something that Gov. Gavin Newsom has spent the past three years talking about. And now that he has won a decisive victory in the recall election, which cost close to \$300 million and consumed the state's and governor's attention for several months, Mr. Newsom is turning his attention back to problems like housing.

In many ways the answer there is different from what it was when he took office in 2019.

Right now the focus is Senate Bill 9, which would allow duplexes in neighborhoods throughout the state and is one of the hundreds of unsigned bills that piled up on Mr. Newsom's desk during the recall campaign. But even if Mr. Newsom signs it, which he is widely expected to do in the coming days, his legacy on housing is likely to be less about laws passed on his watch than his administration's ability to enforce them. That's because the executive branch has gained much more power over state housing policy than it had even a few years ago, after years of state frustration with how difficult the local governments make it to build housing in California.

Mr. Newsom's administration has come to embrace the role, taking action like suing cities for not building enough to keep up with population growth and creating a team to ensure that cities approve new housing. The moves are part of a nationwide shift in power — away from city councils and toward statehouses — over the \$1 trillion annual residential construction market.

"It used to be that housing was run by the local planning departments and California governors didn't really pay attention," said Ben Metcalf, managing director of the Turner Center for Housing Innovation at the University of California, Berkeley. "That has changed."

Mr. Newsom, a Democrat, has tried to get through the pandemic emergency by extending the state's eviction moratorium even as the federal one lapsed, and pouring money from the state's budget surplus and various coronavirus relief packages into homeless funding and programs like an effort to turn hotels into supportive housing.

But California remains one of the most difficult places in America to build housing, causing a supply-and-demand imbalance. It is the leading edge of a nationwide problem that is pricing middle-income families out of ownership and has one in four rental households paying more than half its pretax income on rent.

Planners, economists and both political parties have long called for states to use their power to ease the housing shortage by breaking local logjams. They point out that suburban governments have little incentive to fix the problem since they are accountable to homeowners who prefer that prices only go up. That conundrum has vexed would-be housing reformers since at least the 1970s, and emerged during California's recall campaign in the Republican debates, where candidates talked a lot about adding more housing but shied away from discussions of where that housing would go.

These often contradictory comments were a perfect encapsulation of Californians' mood: They are universally unhappy with the state's cost of living and the tent cities that have appeared along freeways, in parks and on beaches. But homeowners remain fiercely protective of their power to say what gets built near them. Kevin Faulconer, a former San Diego mayor and a Republican candidate in the recall election, all but ran away from his own pro-density policies in California's second-largest city by saying, "When we see some of these pieces of legislation that want to eliminate single-family zoning in California, that's wrong."

Mr. Newsom has tried to walk this same line. In 2018, he campaigned on a "Marshall Plan for housing" that had a goal of delivering 3.5 million new housing units by 2025. He came to regret the figure once he was in the governor's chair, and it became fodder for his leading recall opponent, the talk show host Larry Elder, who seized on it as an example of broken promises. Mr. Elder did not need sophisticated research to find fault with the number: In a state that permits around 100,000 housing units a year, delivering 3.5 million — 35 years of housing at the current pace — is close to a physical impossibility.

Mr. Newsom has been mostly quiet about big zoning legislation ever since. He did not take a position on Senate Bill 50, a contentious measure that would have allowed apartment buildings in neighborhoods across the state. And he was largely quiet about Senate Bill 9 as it passed through both houses of the State Legislature and lingered on his desk.

What he has done instead is enforce existing laws more aggressively than his predecessors did. Two weeks after Mr. Newsom assumed office, California's attorney general sued Huntington Beach for failing to plan for sufficient new housing. Since then, the state's Department of Housing and Community Development has sent hundreds of letters telling cities to change or simplify their planning codes to comply with state law.

The governor's most recent budget allocated \$4.3 million to staff a "housing accountability unit" made up of planners and lawyers who will monitor local governments' housing decisions and intervene when they're not following state law.

Zoning defines a neighborhood's physical character and who might be living next door, so it has captured most of the attention in California's housing debate. But over the past few years, the Legislature quietly passed a slew of smaller measures that when strung together have radically changed the relationship between state and local government. The new rules change how much housing cities have to plan for, make it harder for them to stop developers from building and ultimately deprive them of funding and local control if they drift too far from state mandates.

Because they transfer more oversight of housing from localities to Sacramento, the question of how aggressively those laws are enforced has fallen to the executive branch. It's one thing for the state to pass laws to desegregate neighborhoods, set aside more land for subsidized housing and require cities to permit backyard cottages. If enforcing them isn't a priority — which has long been the case with housing laws — they are bound to be ignored.

In an interview after the recall vote, Jason Elliott, a senior counselor to Mr. Newsom who works on housing policy, rattled off a series of bill numbers and the esoteric text of planning codes

to point out dozens of housing regulations that remain mostly unused. Environmental measures that support increasing density to reduce car trips. Various laws allowing backyard units. A way for developers to sue cities that don't follow their own zoning rules. These are the types of statutes the new housing accountability unit will try to enforce.

"I'm never going to say we're done passing laws and we can't do more," Mr. Elliott said. "But what we really need to do if we want to see units spring up is get several dozen people thinking about this and only this, and empower them to reach out to cities."

Will Mr. Newsom ever get anywhere near 3.5 million new units? No. Even if it were politically possible, it would strain lumber and labor supplies.

It took California several decades to get into a housing crisis this bad. Lofty rhetoric and promises for millions of units make do for a campaign slogan, but the reality looks more like a process of slowly digging out.

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