



CITY OF NEWPORT BEACH

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June 15, 2021

The Honorable Christopher Ward
California State Assembly
State Capitol Building, Room 2160
Sacramento, CA 95814

RE: AB 500 (Ward) – Notice of Opposition Unless Amended
Local planning; permitting; coastal development.

Dear Senator Ward,

The City Newport Beach expresses its concern and opposition to AB 500 as currently constituted. The goals of the bill, protecting and preserving affordable housing in the coastal zone, are laudable. However, its current provisions will inevitably have unintended consequences. The bill would serve to undermine the housing element process and add undue delay to development projects. Please see below for a summary of the City's comments:

- **Missing Relevance, Covered Under Existing Law and Processes.** Solving the housing shortage requires new, modern strategies that fit the complex and ever-changing built environments of coastal cities today. The bill would reinstate housing policies from the 1970s that do not reflect the urgent state of the housing crisis or regulatory environment. Moreover, the spirit of the bill to preserve and enhance affordable housing is already practiced through existing policies. When the Coastal Act was adopted in 1976, the Legislature recognized that "to achieve maximum responsiveness to local conditions, accountability, and public accessibility, it is necessary to **rely heavily on local government and local land use planning** procedures and enforcement" [emphasis added]. The City effectively implements Government Code Section 65590, SB 330, and Municipal Code Titles 20.34 and 21.34 "Conversion or Demolition of Affordable Housing" for

new developments proposed in the coastal zone. The City also maintains registration as a Qualified Preservation Entity with HCD to ensure that the City will receive notices from all owners intending to opt out of their Section 8 contracts and/or prepay their HUD-insured mortgages.

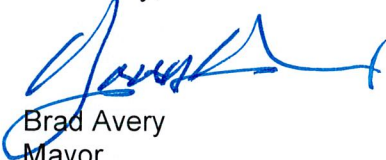
- **Needs Clear and Urgent Policy Direction.** The bill does not detail out the exact development regulations that would be implemented, but it may include in-lieu fees. Given the priority of affordable housing development, it is concerning that there does not appear to be a clear execution plan ready for immediate implementation. From the time the California Coastal Commission establishes the new regulations, associated LCP amendments could take nearly a year and a half before final approval.
- **Relationship with HCD Policies.** It is unclear how the California Coastal Commission's housing authority granted by the bill would complement existing HCD regulations, the housing element process, and other recently adopted housing legislation. To what extent has the Commission consulted HCD about the proposal?
- **Effective Policies for Affordable Development.** Between the four-year period from 1977 to 1981, the Commission reports its inclusionary housing program resulted in the approval of around 5,000 affordable units. While a notable figure, California needs over 1,299,120 affordable units to meet demands of the lowest income renters¹. The bill does not provide any mechanism to streamline or facilitate affordable housing development, but instead would tack on unneeded bureaucracy to development that is currently covered by existing law and procedures. As an alternative, why not broaden coastal development permit exemptions (where appropriate), incentivize affordable housing projects, and work in partnership with local jurisdictions to find effective solutions? For example, the City previously approved a housing development on Banning Ranch, but the project was subsequently denied by the California Coastal Commission. The City believes this site is still a viable opportunity to provide housing for a variety of income levels and will continue to support development potential in the Banning Ranch Area. Coming to the table, projects like Banning Ranch, could prove successful in development of more affordable units in the coastal zone.
- **Coastal Legislative Analyst.** The three positions requested are stated to only cover LCP amendments, which would be necessitated if the Commission requires LCP to include housing. To zero-in on evolving coastal housing issues and policy, has the Commission considered adding additional legislative analyst positions? These roles could provide the Commission more capacity to advise HCD and local jurisdictions on policy direction and implementation in the coastal zone. This would also reduce the need for valuable time spent preparing and reviewing LCP amendments for policies that can be streamlined and consolidated from existing policy infrastructure under HCD.

For these reasons, the City of Newport Beach opposes AB 500 unless it is amended.

Thank you for your consideration on this important matter, and please do not hesitate to contact me should you have any questions.

¹ California Housing Partnership Corporation

Sincerely,



Brad Avery
Mayor
Newport Beach

cc. Senator David Min
Assemblywoman Cottie Petrie-Norris
Newport Beach City Council
Grace Leung, City Manager
Seimone Jurjis, Community Development Director
League of California Cities (Via email: cityletters@cacities.org)