

March 9, 2021

The Honorable Ben Allen
California State Senate
State Capitol, Room 4076
Sacramento, CA 95814

Support – SCA 2 – Public housing projects.

Senator Allen,

I write on behalf of California YIMBY to support and cosponsor Senate Constitutional Amendment 2, which would repeal Article 34 of the California State Constitution.

California YIMBY is a statewide organization of 80,000 neighbors who welcome more neighbors. We believe that an equitable California begins with abundant, secure, affordable housing. We focus on housing and land use policy at the state and local level to ensure grassroots organizers and city leaders have the tools they need to accelerate home building.

Article 34 requires a local government to hold an election every time a low rent building is built with 51 percent or more of government funds. Over time, the state has narrowed the scope of Article 34 through administrative policy changes and expanding other sources of funding for affordable housing that do not meet Article 34's definition of government funds.

In 1950, Article 34 was placed in the constitution by a group of NIMBY residents in Eureka, who believed at the time that subsidized housing brought down the value of market rate homes nearby and who feared business competition from the government. The purpose of this initiative was to slow and thwart the construction of affordable housing.

Unfortunately, this intended purpose has become a reality. Cities enact sophisticated loopholes to attempt to circumvent Article 34, and developers are forced to create sophisticated funding deals to skirt around the 51 percent trigger for Article 34, but these legal hoops create high costs and are not ultimately successful everywhere. With the state poised to increase the volume of affordable housing dollars by up to more than 150 percent of their current levels, the state seriously risks hitting a point where avoiding Article 34 becomes impossible to circumvent. This would trigger hundreds of unnecessary elections around the state, and it risks seriously threatening the state's ability to spend affordable housing tax dollars. The bottleneck threatening this pinch point is the requirement in Article 34 to hold an election on each affordable housing project built with the triggering percentage of government funds. Cities can also make bulk authorizations (*David v City of Berkeley*), but this adds extreme transaction costs and has segregatory effects, because only relatively low wealth areas are willing to authorize these units in bulk.

The requirement to hold the election is not neutral to affordable housing. It allows and encourages NIMBY opposition to new affordable housing, and it ensures that affordable housing that is built is only built in California's big cities on otherwise undesirable sites in industrial or non-residential areas, often next to highways. Developers, fearing the deterrent imposed by Article 34, seek to site housing in the least contentious places, but those places are often toxic or uninhabited, further concentrating and causing the poverty that affordable housing intends to solve.

To increase the rate of home construction and make it cheaper to build affordable housing, the state should repeal Article 34. It is an unnecessary requirement upon affordable housing developers to require an election to allow low income housing to be built in a community. As affordable housing developers will testify, this requirement is a significant deterrent to constructing needed housing in high opportunity areas of the state. In a time of crisis, California cannot afford to spend its scarce affordable housing dollars overcoming self-imposed barriers. Article 34 shifts the balance of power to neighbors who will say no to helping low income people. The time has come for the state to shift the balance back to neighbors who say yes.

The motivating ethos of the YIMBY movement is one of cultivating neighborliness in our communities. Apart from the real effects SCA 2 will have on making it easier and cheaper to construct low-income housing, this bill helps advance YIMBY values, such as the value to center neighborliness in local government processes. Being able to vote on whether one will have low-income neighbors is inherently exclusionary, and it is morally reprehensible that California still requires this. We applaud SCA 2 for proposing to fully repeal this provision, and we look forward to mobilizing for its passage at the ballot box.

Best wishes,



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