



717 K Street  
Suite 300  
Sacramento, CA 95814  
909.260.9836

*Free Markets. Real Solutions.*  
*www.rstreet.org*

---

Sept. 22, 2017

**The Honorable Edmund G. Brown Jr.**  
**State Capitol, Office of the Governor**  
**Sacramento, CA 95814**

**Re: Assembly Bill 1505 (Bloom)**

Dear Governor Brown:

**The R Street Institute strongly opposes A.B. 1505 (Bloom) and urges you to exercise your veto over it.**

R Street is a Washington, D.C.-based think tank with offices in Sacramento. One of our policy areas involves the promotion of housing construction to alleviate the state's housing crisis. By restoring to local government the power to impose inclusionary zoning requirements on new rental construction, A.B. 1505 threatens to further depress housing construction in the midst of a generational affordability crisis.

Inclusionary zoning, whereby private developers are required to build below market rate units in their projects or pay an in-lieu fee, is a politically attractive policy lever that allows local governments to take credit for producing affordable housing without having to use any of their own budget. By forcing private developers to pay for affordable housing, however, these policies raise the cost of building new housing supply. California is already an extremely high-cost state, and imposing these additional costs can only raise rents further, or suppress housing construction because the projects no longer pencil out.

The only situation in which inclusionary zoning's ill effects can be mitigated is when they are accompanied by density bonuses, allowing the developer to build more units to offset the cost of the required money-losing ones. A.B. 1505 includes no such provision, however.

Southern California has the highest housing-adjusted poverty rate in the country, surpassing even traditionally high-poverty states like Mississippi. The state is in desperate need of relief in the form of more housing supply, not less. Localities that have passed inclusionary zoning provisions have seen negligible affordable housing produced, as documented by respected researchers Lance Freeman and Jenny Schuetz in a report this year for the Department of Housing and Urban Development's *Cityscape* journal.<sup>1</sup>

---

<sup>1</sup> <https://www.huduser.gov/portal/periodicals/cityscpe/vol19num1/ch11.pdf>

Governor Brown, you have been a stalwart advocate for reducing the cost of housing in California. You vetoed a similar bill in 2013, A.B. 1229. You expressed in your statement the threat that such policies pose to investment in low- and middle-income communities, and the meager returns they can promise in exchange.

We urge you to veto A.B. 1505 as well.

Sincerely,

Steven Greenhut  
Western Regional Director