

BIAGV 2015 YEAR IN REVIEW

The year 2015 included many large industry issues with major local implications. The major themes for 2015 were: school financing, affordable housing, water (both the lack of: drought, and too much of: flooding), Housing Elements, looking to the future of the industry and one massive fee reduction in Stockton.

SCHOOL CONSTRUCTION FINANCING

Statewide School Bond

The number one issue for homebuilders in 2015 and 2016 is the \$9 billion 2016 state school bond. It has now qualified for the November 2016 ballot but the hard work has just started. Why is this the #1 issue for homebuilders?

The SB 50 school financing program adopted in the early 1990's requires state matching funds. Without the school bond the SB 50 program is dead. School districts will be free to go back to the wild days of pre-SB 50. Some districts have already taken bold steps in that direction. School districts have gotten involved in the project approval process at city council. They are offering grades to projects based on how much money is thrown at school districts. If you pay the statutory amount based on SB 50 formulas the district gives your project an "F" and solicits council members to reject your project. The price tag for getting an "A" on your project is now \$25 per square foot in some areas. We need this bond measure to pass!

AFFORDABLE HOUSING

California Supreme Court Decision on Inclusionary Zoning

The City of San Jose adopted a 15% Inclusionary Zoning ordinance including several alternatives to satisfy the ordinance and several benefits to builders for complying with onsite "affordable" units. CBIA challenged the ordinance all the way to the California Supreme Court and lost on a unanimous decision. CBIA is appealing the decision to the U.S. Supreme Court. For the time being, the current status of Inclusionary Zoning in California is that it is to be treated similar to rent control on rental property or a price control on commercial products such as milk or raisins. The BIA's position when this issue comes up is the cost of providing "affordable" housing should be borne more broadly by the entire community and not placed solely on the home building industry. This monumental case has placed the BIA in a defensive position on a popular issue that is gaining attention in Sacramento and at the grassroots.

CBIA vs. San Jose

The case that made Inclusionary Zoning legal in California has been appealed to the U.S. Supreme Court with the Pacific Legal Foundation representing CBIA. Should the Supreme Court decide to hear our appeal we have a good chance of seeing the case overturned due in part to a very recent California raisin case decided by the U.S. Supreme Court overturning a California law allowing the government to take raisins from the growers, sell them at a lower than production value and return the sales amount to the raisin growers as "compensation" for the taking.

Lodi Homeless Committee and San Joaquin County Habitat for Humanity

As part of a continuing effort to expand housing opportunities for all income levels, with an emphasis on those wishing to purchase a new home without mandating a subsidy from the rest of the community, the BIA is now actively involved in the Lodi Homeless Committee and the San Joaquin County Habitat for Humanity.

DROUGHT / GROUNDWATER

2015 Drought

In many of our jurisdictions discussions of reducing water consumption remain a hot topic and one that will largely depend on rainfall for the next several years. The BIA will continue to participate with regional and local water regulators, agencies and providers. This issue has even more importance in the northern San Joaquin valley where the local groundwater basins are critically over-drafted and new state legislation mandates that these basins be brought back to a sustainable level. This will pit farmers vs. cities and the BIA is caught in the middle.

18 NEW HOUSING ELEMENTS

Housing Elements

All jurisdictions in San Joaquin and Stanislaus counties were required to submit an updated Housing Element to HCD during 2015. The BIA attended dozens of workshops, community outreach meetings and meetings with city staff reviewing the Housing Elements. These are required by the State to be included in a city's general plan and they must be updated every eight years. The significance to our industry is the ability of a Housing Element to impose new policies on the industry through new regulations.

PREPARING THE FUTURE OF OUR INDUSTRY

Student Chapter

The BIA met with students and staff at Lincoln High School in Stockton and Downey High School in Modesto to create NAHB Student Chapters at each High School. A Student Chapter has been created at Lincoln High and in the near future we should have one at Downey High School as well. These Chapters should produce future industry professionals and we intend to use these as a launching pad to get Student Chapters in many of the high schools in our area.

ONE MASSIVE FEE REDUCTION PROGRAM

Stockton Major Fee Reduction of \$19,996

After almost a year of work, dozens of meetings with city staff, council members and stakeholders, and five public meetings, the Stockton Economic Stimulus Plan was finally adopted. The Council on a 5-2 vote (Councilmembers Moses Zapien and Susan Lofthus voted against us) approved a three year \$19,996 across the board fee reduction. The stimulus component of the program requires companies who wish to participate in the program to have a minimum of 50% of their workforce live within the Stockton city limits. The program is aggressive in two ways, it drastically cuts fees and it drastically requires hiring of Stockton residents. A true win-win!