[March xx, 2020]

The Honorable Tim Grayson

State Capitol, Room 4164

Sacramento, CA 95814

**RE: AB 3144 – SUPPORT**

Dear Assemblymember Grayson,

[Name of your organization] is proud to support AB 3144, your bill to create the Housing Cost Reduction Incentive Program.

As research by the California Housing Partnership has found, more than 1.4 million California households are in need of affordable housing.[[1]](#footnote-1) Yet, California has never produced more than 10,000 new affordable rental homes in any year. One of the many factors inhibiting increased production is the high impact fees local governments charge all new development to address infrastructure needs. The Terner Center at UC Berkeley has found that California’s fees are especially high and can exceed $150,000 per unit, not including utility fees.[[2]](#footnote-2) A [2014 California Affordable Housing Cost Study](https://www.treasurer.ca.gov/ctcac/affordable_housing.pdf) found that development impact fees and lesser permitting fees on average represent 6% of the total cost, net of land, of an affordable housing development. These impact fees are particularly problematic for the builders of affordable homes as they significantly increase the need for scarce public subsidies, money that could otherwise fund additional affordable units.

AB 3144 encourages cities and counties to waive or reduce impact fees for affordable rental housing developments by reimbursing them 50% of the value of waivers or reductions granted. This bill will significantly reduce the cost of development and allow for available subsidies to support increased production of affordable rental homes. The state will share the burden of lost local fee revenue and provide resources to meet local infrastructure needs. Thank you for authoring this important measure.

Sincerely,

Your Name

Your Title

1. [California’s Housing Emergency Update](https://1p08d91kd0c03rlxhmhtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2019/03/CHPC_HousingNeedReport_2019_PRINT_Rev4-5-19_Hi-Res.pdf), March 2019, California Housing Partnership. [↑](#footnote-ref-1)
2. [Residential Impact Fees in California](https://ternercenter.berkeley.edu/blog/residential-impact-fees-in-california), August 7, 2019, Terner Center. [↑](#footnote-ref-2)