



SENATE TRANSPORTATION AND HOUSING COMMITTEE

Informational Hearing: The State of Housing in California

Senator Jim Beall, Chair
Senator Anthony Canella, Vice-Chair

November 12, 2015



Ray Panek

Senior Vice President, Forward Planning
KB Home

On behalf of:

California Building Industry Association



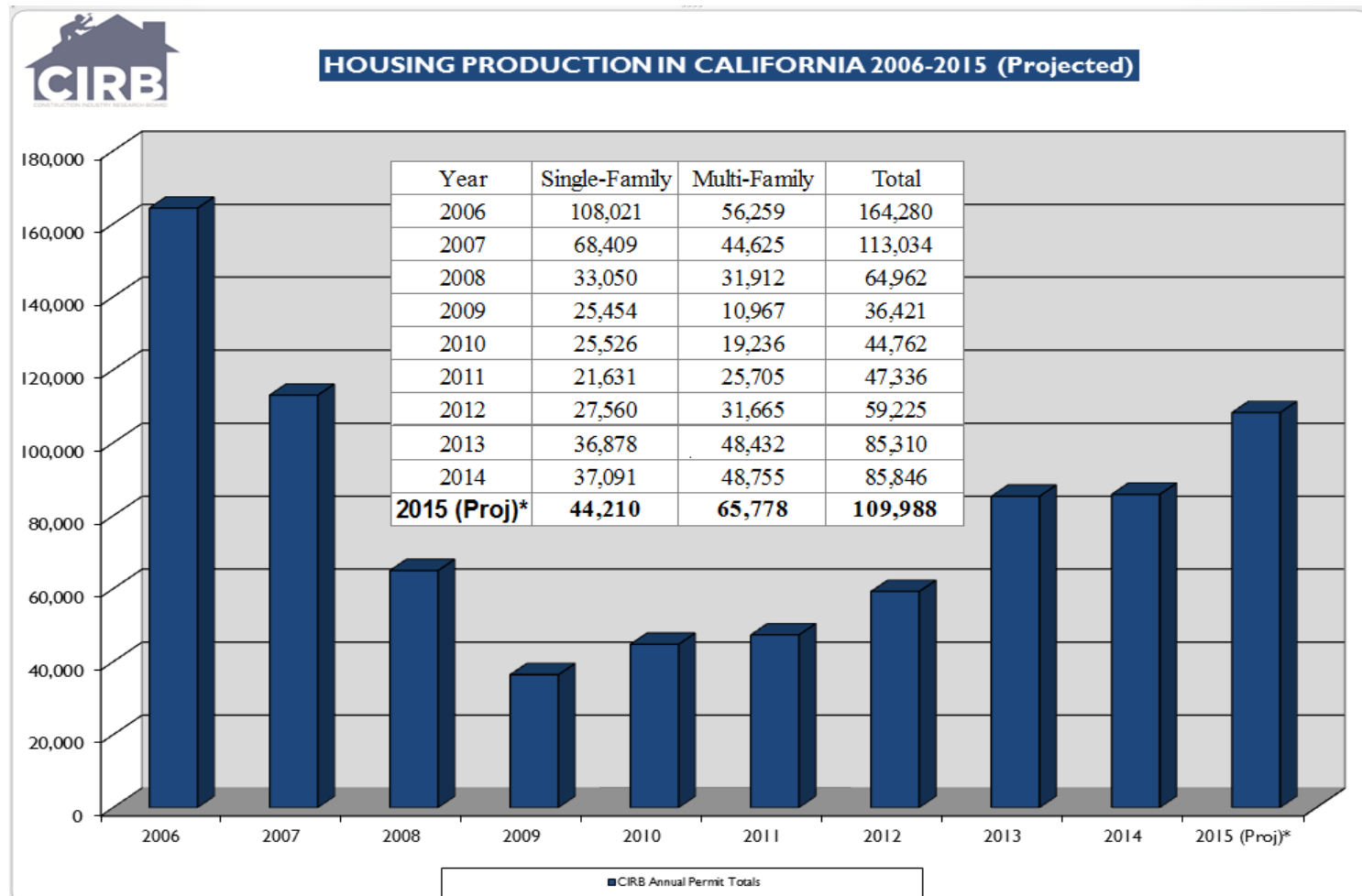
Professional Experience

- Senior VP of Forward Planning for KB Home Bay Area.
- 17 years – managed the design, entitlement, permitting and development of all KB Home projects in the greater San Francisco Bay Area.
- Overseen the delivery of more than 7,000 residential units.
- Served as Chairman of California Building Industry Association (CBIA) and the BIA of the Bay Area.
- Principal Planner for the City of Concord.
- Manager for the former Concord Redevelopment Agency.
- Planner for the City of Elizabeth, New Jersey.

California's Market Conditions

- California's housing markets are varied and diverse.
- They are a quilt of micro-markets.
- As homebuilders we understand the desires of our customers.
- Since 2009, California has been slowly emerging from the deep recession. Some areas have rebounded quicker than others.

New Housing Units In Building Permits



- Homebuilding industry is still in a very fragile state. We continue to produce far under the **220K** units annually needed – according to the Department of Housing and Community Development – to keep up with population growth and in-migration.

How is California's Housing Recovery Taking Shape?

- Since 2013, the major job rich areas of the state – the Bay Area, Los Angeles, Orange County, San Diego, Santa Clara, and Riverside – are by far the primary growth areas of the state.
- As to the housing type, we see multi-family (condos, townhomes, apartments) outpacing single-family in these primary growth areas.

What are the challenges to delivering housing in California?

- Land availability/site constraints.
- Time and length of entitlement and permitting process.
- CEQA litigation.
- Infrastructure costs/tax increment financing.
- Affordable housing.
- These economic realities work against entry level housing.

Solutions

- Local governments need to engage a more proactive and effective process to identify sufficient land and sites for housing and provide the necessary zoning.
- Limit opportunities for CEQA litigation in areas of regional consensus (i.e. SCS).
- Affordable housing financing – a social responsibility.