



CEQA: This law has done a good job

BY CESAR DIAZ AND KYLE JONES

The California Environmental Quality Act has long been the punching bag of business interests and some policy makers. It has been blamed for everything from a dearth of affordable housing to a sluggish economy during financial downturns.

Yet, until now, precious little objective research has been conducted to understand the costs and benefits associated with this 46-year-old law.

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Recently, the Rose Foundation for Communities and the Environment commissioned BAE Urban Economics to draft an objective report to dig into this sticky question.

Leveraging a combination of rigorous quantitative analysis, a literature review of past research, case studies and a review of recent legislative changes to the law, the report found little evidence of economic harm inflicted by this landmark environmental law.

In fact, the report found that CEQA has done a good job of helping California to grow in an environmentally sustainable way. The state is relying more on increased density to accommodate a growing population and less on agricultural land and open space to accommodate new housing than it has in decades past.

California is now the 11th most densely populated state in the nation, up from its ranking of 13th in 1970. Nearly one-quarter of the most walkable cities in the US are now located in California.

It's difficult to justify claims that this law impedes environmentally-sensitive development with these facts at hand.

Since CEQA's enactment in 1970, the state economy has experienced both booms and busts. As the new report shows, this law should be assigned neither credit nor blame for either extremes.



A view of downtown L.A. from the Whittier Bridge. (Photo: Shalunts, via Shutterstock)

Looking at the state's strong recovery from the Great Recession again indicates the CEQA is an unlikely driver – either positively or negatively – in the state's economic picture. Our state has seen very strong job growth since 2012, ranking fifth in the nation on that metric.

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It is also difficult to make any clear cause-and-effect argument between CEQA and the state's challenges around developing sufficient affordable housing. According to the research in this report, California is near the top of all states in its rate of developing affordable housing unit per 100,000 residents in the nation.

Some could point to this statistic as evidence that every state is doing a poor job in creating sufficient housing for those most in need, and that is almost certainly true. But what it shows is that even states with very weak environmental regulations do no better in addressing the need.

It is misleading to argue that removing environmental review for affordable housing would inevitably increase housing supply. Moreover, all communities – including the least advantaged among us – deserve robust environmental protections

where they live. Governor Brown's proposal to eliminate environmental review for affordable housing projects is therefore extremely misguided.

This report also shows clearly that there is no litigation crisis under CEQA. Fewer than one percent of all projects that go through the environmental review process are confronted with litigation. The number of CEQA lawsuits filed each year has remained stable since 2002. Given the state's tremendous population growth over that same period, the fact that the number of such lawsuits has not seen a corresponding increase is notable.

Whatever developers say about the high cost of completing an Environmental Impact Report, these expenses are a tiny fraction of build-out costs. Four case studies in the report, CEQA in the 21st Century, show that the cost of preparing an EIR ranges from 0.025%-0.5% of a project's build-out.

CEQA may be a convenient bogeyman for developers and others, but the data simply do not bear out the argument it is a major factor in development or economic patterns in California.

Ed's Note: Cesar Diaz is the legislative and political director with the California State Building and Construction Trades Council. Kyle Jones is an attorney and policy advocate with Sierra Club California.