



April 24, 2024

The Honorable Matt Haney  
California State Assembly  
1021 O St., Suite 5740  
Sacramento, CA 95814

Re: Support for AB 3068 (Haney): Adaptive reuse: streamlining: incentives

Dear Assembly Member Haney,

On behalf of the Council of Infill Builders, a statewide organization of real estate professionals committed to improving California through infill development, I write to support Assembly Bill 3068, which will create a by-right, ministerial approval pathway to allow existing commercial buildings to be converted to housing and mixed-uses, as well as a process for local governments to offer property tax incentives to encourage residential conversions of offices and other commercial buildings.

The Council of Infill Builders is dedicated to championing policies that make high-quality, transit-oriented infill development easier, cheaper and faster to build. California's downtown office locations present a prime opportunity to convert to housing and create vibrant, full-time neighborhoods. Currently, places like downtown Los Angeles and the financial district in San Francisco are seeing the highest office vacancy rates in 30 years, while companies shift to hybrid work models with fewer employees in offices.

While many of our members are interested in repurposing these vacant office buildings to residential, many technical challenges prevent it. Renovating an existing building in California is often more expensive than a complete tear-down. AB 3068 can help by removing barriers and allowing more people to live closer to work and transit, without changing the physical character of these neighborhoods.

We also appreciate that the bill does not impose new unsubsidized affordability mandates. However, we urge you to avoid accepting any amendments that would require any of the residential units to be income-restricted. In many cases, unfunded affordability mandates would render AB 3068 ineffective. They would erode most if not all the economic benefits the bill otherwise would provide. The reason our members need this streamlining for commercial to residential conversion is because market-rate rental revenues generally do not cover the costs of conversion today. But mandating unfunded affordability requirements too often adds those costs back into the conversion. Putting requirements like these in streamlining bills ultimately becomes counter-productive to housing production and continues to keep California unaffordable overall.

For these reasons, we support SB 3068. The Council of Infill Builders thanks you for your consideration and work to address this critical opportunity.

Sincerely,

A handwritten signature in black ink, appearing to read "Mott Smith". The signature is fluid and cursive.

Mott Smith, Chair, Board of Directors  
Council of Infill Builders