

March 10, 2020

City Council (council@smgov.net)
1685 Main Street
Santa Monica, CA 90401

RE: Appeal of SCAG's RHNA housing numbers for Santa Monica

Dear City Council:

We are writing to urge that Santa Monica formally appeal SCAG's ("Southern California Association of Governments") RHNA housing numbers for our city (8,874 new units, with about 70% of that number as affordable housing)¹ and advocate for SCAG and the State to redress this unattainable, irrational, and environmentally unsustainable allocation. Our State Housing agency must step in and direct SCAG to re-think its housing goals and methodology and do so in a public process that fairly includes the concerns cited below; accommodates and credits our past, significant affordable housing production; and recognizes our leadership role in the region by allowing us to continue to produce affordable housing in realistic, attainable numbers as we have demonstrated in the past.

We understand that the lack of affordable housing is one of the State's biggest issues and that a lot more of it needs to be built throughout the State. But the RHNA ("Regional Housing Needs Assessment") housing allocation for Santa Monica is unattainable over the next RHNA 8-year cycle. It is the result of last-minute political maneuvering instead of solid, real world economic, land use, geographical or infrastructure limitations or environmental realities for Santa Monica. This you already know, as reflected in the City Council study session last December.

As our Mayor recently said: The economic reality is we would have to build 30,000 new housing units, not approximately 9,000 units in the upcoming cycle, just so that the extreme number of affordable housing numbers we've been allocated could be met. That would mean adding 48,000 residents to our 90,000-resident population. That's unworkable and unsustainable. Even if available land could be found, Santa Monica would have to exponentially increase development to come anywhere near these numbers and finance huge increases in its infrastructure, its police, fire, schools, and other departments. And, as our Mayor also said, we don't have to worry about meeting the minimal market rate housing numbers allocated to us – 2,700 units – we have over 1,500 such units in the pipeline now. The problem is where within our already built-out City we could possibly build this magnitude of affordable housing? And how could it be built without massive subsidies; subsidies that don't exist?

Santa Monica has one of the best overall track records in the entire state for producing affordable housing. Over the past 30 years since voters enacted Proposition R in 1990, our City has set an exemplary record building multi-family housing for low- and moderate-income households as well as reflecting our own housing goals under our Affordable Housing Production Program. We were able to meet or exceed our targets in many of those years despite the loss of redevelopment funds when the state shuttered Redevelopment Agencies in 2011.

After that funding setback, Santa Monicans stepped up once again to create a new funding source: In 2018, voters enacted a new half a percent sales tax – half of which is restricted to producing affordable housing. But even with this infusion, to meet the State's new, unrealistic goals, massive amounts of new

funding would have to be found over perhaps a two-decade period. No such additional state or local funding has been identified.

In spite of Santa Monica's excellent record, the RHNA directive does not recognize or credit our affordable housing production over five prior RHNA cycles; in effect, it acts to punish Santa Monica for the failure of other cities in our region to have produced their share of affordable housing; and it promotes poor regional planning because it does not equitably divide responsibility for housing production to meet regional housing needs. It also seems to ignore these current, reported realities: our state is not growing in line with previous population or job projections; instead we are flatlining, and families, which most new units are not built to accommodate, are relocating elsewhere, notably to the Inland Empire. SCAG's numbers do not reflect either of these trends and rely on aggressive population and job increase numbers.

Our City has successfully appealed a disproportionately high RHNA housing allocation in the past. In the last housing cycle, Santa Monica objected to being asked to shoulder an unfairly high RHNA housing allocation compared to the rest of our Westside cities subregion allocation. The State agreed with Santa Monica and reduced the number of extremely low- and moderate-income units accordingly. This time around, the numbers are not just "disproportionately high" - they are delusional and cannot be met and therefore the City must appeal them.

Neighboring cities in Orange County, including Laguna Beach, Costa Mesa, Irvine and Newport Beach have already moved to officially oppose their SCAG allocations based on both a flawed and unfair SCAG methodology as well as their own particular infrastructure and geographical limitations (ocean boundaries that restrict access, density, high land costs and availability, and sustainability policies that would be weakened, gutted, or unmet). Santa Monica has many of these same limitations and policies that likewise would be contradicted by our RHNA allocation. In addition, we are a much more urban city, very densely populated, tourist driven, and very regional as to office centers, hospitals, and a community college. We are an 8-square mile built-out city with a huge daily worker population influx; a working population that could never be significantly housed here unless one envisions 30-story residential towers. And it could take a hundred such towers, assuming the investment to build them actually existed.

Two other issues of real concern were flagged in the consultant report included in the Council study session on this issue:

First, we cannot rely on developers to finance this magnitude of affordable housing relative to market rate housing. The less developers profit, the less affordable housing they will build, frequently with the affordable housing component being a relatively meager amount of extremely low- income housing. While our Council has opted to try to fix that, there is no magical financial infusion of funding being offered by the state that would make it possible for housing developers or non-profits to build multi-family projects of 100% affordable housing in significant numbers, or achieve projects in which more than half (or up to two-thirds) qualify as affordable for very low, or low or moderate income residents under the applicable standard.

Therefore, new office projects would be needed to help pay for so much affordable housing. Yet that's precisely how we got into this mess in the first place. It's because we are "job rich," thanks to the 9-million square feet of office space built in previous decades, and have light rail, that SCAG is now aggressively pushing this unattainable number.

Building more commercial office space is the last thing this city needs or that residents will support. We can't play "catch up" on affordable housing by increasing office space at the same time. That's why the LUCE, in response to Proposition T, which sought to cap new commercial development, drastically reduced the amount of new commercial development until 2030. We aren't going to go backwards now and become even more of a regional office center without a protracted fight – one in which we expect our City to lead and win based on our history.

Second, there is no tolerance in our community for having our City consider "up-zoning" certain areas in order to give developers an incentive to build higher density housing. This would impermissibly break faith with the City, the community and its stakeholders who labored long and hard over many years and accepted tough compromises in order to arrive at a LUCE, Bergamot Area Plan, and a Downtown Community Plan that promised reasonable growth and reasonable density to preserve our city's character. It also could give rise to land speculation, as the consultant report to the City states. In other words, investors would take advantage of the up-zoning to buy up properties and likely hold them indefinitely given the current economic environment. Eventually, they would claim the failure to build housing was because the affordable housing targets were not feasible -- and propose building a lot more market rate housing instead. Inevitably, gentrification and the loss of existing affordable rental housing stock would follow.

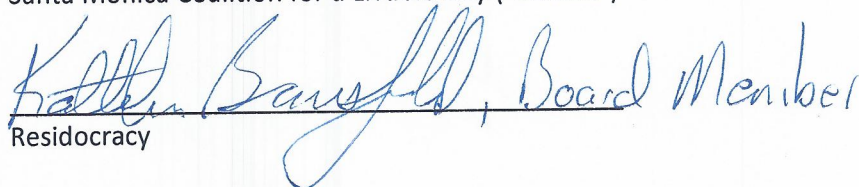
Equally important, we do not believe that these extreme numbers can be reconciled with the City's sustainability goals for water and energy use, or for meaningful reductions in vehicle miles traveled or greenhouse gas emissions, all of which are fundamental to the health of our City. It is unacceptable that in attempting to transfer planning from local to state, neither SCAG nor the State ever considered these real-world issues, or how contradictory and irreconcilable these numbers would be with either state, regional, or local environmental or sustainability policies.

No one can pretend that building 8,874 more housing units will not generate lots more car trips but how many more car trips and what the emissions would be haven't been considered, let alone studied. It sounds practical and smart to build new housing near transit, yet transit ridership is falling across the country and our region has not yet achieved the kind of transit frequency or connectivity that support the hope that building near transit will significantly reduce vehicle miles traveled. Studies are showing the reverse.

For all of these reasons, the City must appeal these unworkable numbers on behalf of Santa Monica and its residents -- who have supported the City as it has become a leader in building affordable housing in the region, despite land scarcity and pricing, and geographical and infrastructure limitations. We deserve to be commended for creating more affordable housing than prior RHNA allotments required, to be given credit for overproduction, and to retain our local control over how best to build affordable housing over the next housing cycle as we balance reasonable growth and environmental challenges.

Diana Gordon, Co-chair

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Santa Monica Northeast Neighbors

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Wilshire Montana Neighborhood Coalition

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City Clerk Denise Anderson-Warren

Planning Director David Martin

Planning Commission

¹ At the February 19, 2020 Planning Commission meeting, City Planning Manager Jing Yeo reported on a slight reduction by SCAG from a RHNA allocation of 9,000 new housing units to about 8,800. She further stated that the construction of so many additional buildings would inevitably entail demolition of existing units; and therefore, to add about 8,800 new units Santa Monica actually would need to build 10-15% more to compensate for the loss. Doing that math, Ms. Jing came up with an actual total of 10,000 new units ($8800 \times 1.15 + 10,120$) to meet these latest RHNA targets.

² Santa Monica meets the SCAG criteria for appeal, posted on its website, including: 1) "local planning factors and information relating to affirmatively furthering fair housing;" and 2) reasonableness and process issues as to "application of adopted final methodology." Likewise, in reviewing the factors listed that cannot be used, such as "voter-approved measures limiting residential development," and "prior underproduction of housing," Santa Monica can and must prove the reverse: Our City's track record of voter-approved measures to expand affordable housing as well as our prior overproduction in past RHNA cycles, merits a substantial, meetable RHNA housing allocation for all of the reasons stated in this letter.