

Regional Housing

From: John Mirisch <jmirisch@beverlyhills.org>
Sent: Monday, March 11, 2019 1:18 PM
To: Regional Housing
Cc: Wapner, Alan D.; Peggy Huang; Finlay, Margaret E.; Kome Ajise; Kevin Kane; Joel Kotkin; Jill Stewart
Subject: Comments on the March 4, 2019 RHNA subcommittee meeting

Dear Chairperson Huang, Dear RHNA subcommittee members,

I apologize about the relative length of my comments, but RHNA and housing in general are such important subjects that I believe it is important to counter some of the narrative we heard at last Monday's meeting.

Previously, I have expressed my reservations about Professor Monkkonen's inclusion as an ex officio member on the panel. This past Monday, he confirmed that he is an ideologue who lacks objectivity and whose statements should be discounted accordingly. His comments underline the need for a counterpoint to his bias.

Last Monday Professor Monkkonen made it clear that his preferred solution to the housing affordability crisis is eliminating single-family housing and upzoning such areas without regard to the principles of community self-determination. In addition to supporting this authoritarian approach, Monkkonen disputes that this scale of upzoning would represent a developer giveaway i.e. a wealth transfer from the public to the private sector.

Instead, he suggests the discussion of this particular form of corporate welfare is a "smokescreen" or merely a line of argumentation used by homeowners who presumably have the ulterior motive of seeking to increase the values of their single-family houses. However, in talking about "smokescreens," Monkkonen directly contradicts himself, as he suggested last year at a SCAG meeting that the kind of upzoning he advocates would in reality most significantly increase the property values of single-family homeowners.

His comments are wildly inconsistent (to put it euphemistically); but he was correct last year when in the same room he suggested that upzoning single-family housing areas would most benefit homeowners financially by significantly increasing the amount of square footage allowed to be built on their lots in what is essentially a gift of air rights. How is it then, that

many single-family homeowners want to retain their current zoning, as it directly goes against their own financial interests?

Could it be perhaps that homeowners are actually consigning their own fiscal interests to the backseat because there is something that is even more important than money to them? Might it not be that they care about their quality of life and believe that the cohesive community in which they feel at home is more important than their immediate financial gain?

Professor Monkkonen also fails to acknowledge the inherent distinction between for-profit developers and non-profit developers, a distinction which I mentioned in my comments last Monday. It's pretty simple: the aim of for-profit developers is money. The aim of nonprofit developers is housing. Big difference. Obvious difference. Monumental difference.

By failing to acknowledge this crucial distinction, Professor Monkkonen has revealed his own agenda, which was also made clear in his comments on Monday about single-family housing.

Hewing to the gospel of Richard Rothstein and urging everyone to read the density fetishists' bible, Rothstein's "The Color of Law," the professor attempted to make the point that single-family housing is in its essence and nature inherently racist and amoral. He then posed the rhetorical question, "Wouldn't you want to undo all that?"

While nobody disputes that zoning and redlining were sometimes historically used as tools of discrimination, the professor's rhetorical question sadly fails the basic tenets of logic. His suggestion is by implication that single-family housing was a cause of redlining and racism rather than a tool. By this warped line of thinking we might suggest that the pen be eliminated, as historically some pens have been used to write and sign racist and amoral documents.

Doubtlessly, one could also find numerous multifamily homeowner associations, co-ops and condo associations which excluded residents on the basis of race, religion, ethnicity and other protected factors. Using the professors own "logic," we should also therefore look to eliminate multifamily housing as a form of permissible dwelling.

In fact, one might also make the case that the levels of density advocated by those who would forcibly impose standards on cities have themselves been a component of the oppression of various classes of people, as slums and tenements generally have been located in the most densely populated parts of town. In fact, offering overcrowded tenement dwellers the choice of living in a single-family house could be seen as a remedy to the oppression of the slums.

Of course, there is another answer to the Professor's rhetorical question than the patently ludicrous one he suggested (i.e. that eliminating SFH will erase the legacy of racism and redlining). And that solution has been implemented over the past few decades as we have enforced civil rights laws and taken action to correct the mistakes of the past. When it comes to the abuses of single-family housing zoning, the correct answer is not to eliminate single-family housing, but to make single-family housing available to individuals from all walks of life as a matter of personal choice.

In my city, for example, there were covenants restricting the sale of houses to Jewish people. Today, we have a majority of Jewish people living in our city, including many in single-family houses.

Consequently, one might conclude that this current war on single-family housing as a lifestyle choice is indeed driven by either ideology or financial opportunism. The comments made by the professor by which single-family housing should all be upzoned in a one-size-fits-all fashion is a watchcry for what would arguably be the single-largest wealth transfer from the public to the private sector in California history. Of course, this may be intentional.

Perhaps Professor Monkkonen feels his positions will endear him to potential donors like Blackstone or other major developers (Blackstone just spent tens of millions of dollars in their campaign to defeat Prop 10 in November). I well understand that getting funding for public university research or endowing a professorship is difficult. I also understand that those most likely to fund such endeavors in many cases are those who seek to use academia to further their own financial goals and who see a direct financial benefit to themselves.

Yet if the professor really is interested in creating affordable housing, as opposed to simply enriching developers and potential donors, he would advocate a strong cocktail of measures, including empowering local jurisdictions to create rent stabilization ordinances that are appropriate to their communities; a re-introduction of redevelopment with significant funds devoted to affordable housing; robust inclusionary housing policies and nexus fees to fund affordable housing; reversing the alarming trend of income inequality; reversing growing job concentration; focusing on economic development in underserved areas, thereby furthering the cause of geographic equity; and, perhaps most importantly, advantaging non-profit affordable housing developers.

The professor was quite correct in suggesting that non-profit developers compete directly with for-profit developers, thereby driving up the cost of affordable housing, despite the non-profits' still being able to ultimately provide better value-for-money, as the non-profits do not

have to fulfill capital and investors' demands for a maximum ROI. Professor Monkkonen's "solution" however still has the non-profits competing against the for-profits, and it is simply not a level playing field.

The professor seems to claim that his prescription (Sacramento's forcing cities to upzone all residential properties) is the only way to reduce property values and land acquisition costs. (Though he admits that the actual land acquisition cost would go up but suggests that per unit cost of housing would go down). Of course, under his scenario, non-profit developers would still be competing with for-profit developers, and it is logical that the non-profit developers would still be stuck with the scraps from the table, as the for-profit developers would pick the most lucrative and, yes, best sites for market-rate housing.

Furthermore, as Professor Monkkonen fails to acknowledge, new and additional market-rate housing creates a demonstrable and incremental need for additional affordable housing (as nexus studies prove). His approach to "solving" the housing crisis could actually dig the hole deeper as regards the crux of the housing crisis: affordability. In short, his prescription for solving the affordability crisis is an urban planning disaster waiting to happen.

However, restricting potential upzoning to non-profit affordable housing providers, who could work with the individual cities to find locations which organically fit into the overall community, would be much better policy. We go back to the difference between for-profit and non-profit affordable housing developers. Most non-profit developers are in it for the long run; they want to become an integrated part of the individual communities in which they build. With the for-profit developers, however, it's all about the Benjamins baby. In some ways and in some cases, these for-profit developers are simply like locusts who will pocket their profits and move on to the next city, which they simply regard as the next potential profit center, without any concerns about potential long-term impacts.

As I wrote into an article critiquing SB50 (link [here](#)), the solution to any statutory upzoning, which must be done in conjunction with local communities, is to restrict such upzoning to non-profit developers, while working to provide them with the means necessary to create the requisite amount of affordable housing, housing which fits into the individual communities in which it is located.

Therefore, from a policy perspective, giving advantages to non-profit developers makes the most sense in addressing housing affordability.

As Kevin Kane stated during his presentation last Monday, the building of affordable housing

has a direct and concrete impact on housing affordability. On the other hand, more market rate housing has not been proven to help with creating affordability, and certainly not in creating the kind of affordability that significantly moves the needle and that we should be aiming for.

In other words, elementary as it seems, a critical measure to address the affordable housing crisis is, yes, to build more affordable housing, whereas more market-rate housing only worsens the affordability crisis.

As stated, solving our housing issues in California involves a cocktail of measures. Statutory upzoning or the elimination of all single-family housing zoning as inherently “racist” or “immoral” are not among them.

Going forward, we need everything single-family houses to the “missing middle” to ultra-dense urban areas. In LA County alone, there are 88 cities, each with its own unique DNA. Housing and community should be a lifestyle choice; and we should look to ensure a variety of choices and living options for everyone, as people from all walks of life, all colors, all religions, and all ethnicities are as dynamic as our region itself. The dynamic nature of individuals and communities needs to be respected.

While some of this discussion may not directly be related to the RHNA process, it is important to always look at the specifics of our individual cities and communities and to remember that very rarely does one size fit all, especially when it comes to individual lifestyle choices.

Notwithstanding the ongoing scapegoating of cities, Sacramento is where much, if not most, of the blame lies. Controlled by money and special interests, Sacramento politicians often do not have our individual communities’ best interests at heart. Strengthening local control and protecting and empowering communities is now more important than ever.

Respectfully,

John Mirisch

Vice Mayor, City of Beverly Hills

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