



Rick Cole
City Manager

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August 20, 2019

The Honorable Peggy Huang, Chair
RHNA Subcommittee
Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

RE: City of Santa Monica Comments on Proposed RHNA Methodology Options

Dear Ms. Huang and Subcommittee members,

The City of Santa Monica has been closely following the RHNA sub-committee's work over the last year and is especially focused on development of the RHNA allocation methodology. The City appreciates the presentation of alternative approaches for distributing the State-mandated units and the sessions offered to provide comments.

Santa Monica has always been a leader in the development of housing, with an intentional emphasis on affordable housing -- but also recognizes that the region's housing crisis cannot be solved within our 8.3 square miles. This letter provides comments on the proposed options within a framework that requires every city to fairly contribute to solving this crisis.

During the previous Housing Element cycle, SCAG's methodology gave Santa Monica an allocation that was disproportionately high within the Westside Cities subregion, despite an appeal filed by the City. Santa Monica was allocated most of the subregion's affordable housing obligation at a time when loss of redevelopment funds and other funding sources placed a burden on meeting such expectations. The State agreed with the City's concerns, certifying the 2013-2021 Housing Element with a reduced quantitative objective for extremely low- and moderate-income units.

Santa Monica remains committed to supporting an economically diverse community and has worked hard over the last six years to maintain an affordable housing construction program that leverages available resources and requires new development to provide on-site affordable housing units along with market rate units. Santa Monica has also made efforts to streamline the process for approval of housing projects through the adoption of the Downtown Community Plan and is currently undertaking analyses to potentially expand this system citywide. The City's efforts have resulted in the construction of more than 1,800 housing units during this current Housing Element cycle with 276 units that were deed-restricted as Very Low, Low or Moderate affordable units.

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We are pleased that the State has recently determined that SB35 streamlining provisions do not apply to Santa Monica based on both market rate and affordable housing production achievements.

Support for a Modified Option 1

SCAG staff has presented a complex and nuanced methodology proposal (Option 1), which aims to incorporate the regional planning principle of integrated transportation and housing. The City agrees with this principle and generally supports this option with certain adjustments that would recognize achievements of the current Housing Element cycle and hold jurisdictions that have contributed to the housing shortage by avoiding new housing production accountable. Separately, SCAG must support inclusive planning to provide all SCAG communities with regional transportation options.

We request that the RHNA Subcommittee consider making the following adjustments to the RHNA methodology:

1. This option proposes 10% of the RHNA allocated to jurisdictions that have issued permits below the County average. Those issuing more permits than the County average are given 0 units on this line. This is a good start but should be adjusted to give full, proportionate credit (a reduction in the overall RHNA number) to those that have produced more than the County average in order to better balance the overall obligation.
2. HQTAs: The definition of HQTAs should be adjusted to include areas in proximity to all funded transportation projects, either under construction or scheduled to begin construction during the RHNA period. Integrated housing and transportation planning is a long-term process and a critical mass of housing should be allocated to the jurisdictions that will be able to offer better transit options in the coming years.
3. Replacement Rate – The proposed formula includes some additional units for jurisdictions that have demolished more units than have been replaced. However, it does not give credit for those jurisdictions that have replaced more than they have demolished. We believe the formula should apply such credit, which would have the effect of lowering the RHNA allocation where appropriate.

The City of Santa Monica does not support Options 2 and 3, which are not aligned with good regional planning strategy and will not promote an equitable division of responsibility for providing housing to meet regional needs.

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Request for Adjustments to Housing Affordability Level Formula

The City is also requesting SCAG staff to make nuanced adjustments to the proposed formula that determines the proportion of market rate vs. affordable units for the RHNA allocation. In order to recognize the challenges to perpetuating affordable housing funding year after year for cities that have been effective in their affordable housing production, the proportion of required below market housing should be lowered for cities that are currently fully exempt from SB35 streamlining. This would introduce a level of fairness to the process and serve as an incentive for other cities to actively seek housing solutions for lower-income households in the community.

Suitable Sites Index

Once the RHNA is allocated, cities must prepare their suitable site analyses, which will be challenging for built-out communities like Santa Monica with very few vacant lots. It will be important for SCAG to consider this concern and advocate for the State to shift this policy based on realistic expectations for urban areas.

Thank you for your consideration of our concerns and suggestions.

Sincerely,



Rick Cole
City Manager