



September, 12, 2019

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

Re: Proposed RHNA Distribution Methodology, Option 1  
Via: Email [housing@scag.ca.gov](mailto:housing@scag.ca.gov).

Dear Ms. Huang and Subcommittee members:

We are the co-chairs of Santa Monica's Renters Rights ("SMRR"). We write on behalf of SMRR to urge SCAG to adopt "Option 1" for the distribution among jurisdictions of the regional housing need.

SMRR was founded more than 40 years ago to combat the ongoing displacement of lower income residents from our eight square mile beach city due to rapidly rising housing costs. Over the ensuing 40 years, SMRR led successful campaigns to add rent control to the Santa Monica City Charter (1979); to add to the Charter a mandate that the City Council ensure that at least 30% of all new multi-family housing constructed each year be deed-restricted housing affordable to and occupied by moderate and low income households (1990); to impose by Ordinance inclusionary zoning affordable housing requirements on for-profit developers that provide increased height and density in exchange for increased inclusionary requirements (1992); to add to the Charter authorization to expend City funds for affordable housing (1998); to dedicate public land and spend public funds to create deed-restricted affordable housing (from 1979 through the present); to increase the local sales tax to generate new funds for affordable housing after the State eliminated Redevelopment funding (2016); and to create and expand a local rent subsidy pilot program to keep extremely low and very low income seniors in their long time homes (2017, 2019). As a result of these efforts—and notwithstanding the Great Recession—the City of Santa Monica met its RHNA goals in the last two cycles not only for the creation of market rate housing, but also for the creation of deed-restricted housing affordable to moderate and low income households.

Based on this 40 year history of championing public policies designed to maintain economically diverse housing in Santa Monica, SMRR supports "Option 1" for the following reasons.

*First*, only Option 1 takes into account the reality that the Region's existing need for market rate housing has been met to date, while the Region has fallen woefully short of meeting its need for

housing affordable to low and moderate income households. As stated in the 8/2/19 SCAG Report at p. 9:

past RHNA progress reports indicated that the RHNA target for above moderate income housing has been met while not for the other three income categories: very low, low and moderate. For this reason, SCAG recommends that existing need focus on three income categories and exclude above moderate income housing from a jurisdiction's existing need.

As HCD confirms, this same reality—that the market rate housing need has been met to date, but the need for housing affordable to low and moderate income households has not—exists in the State as a whole.<sup>1</sup> Accordingly, SMRR supports Option 1 because it alone properly focuses local, regional and State policymakers—as well as the public—on the crux of the affordable housing crisis (i.e., the severe existing shortage of housing affordable to low and moderate income households). Absent such a proper focus, effective housing policy is not possible.

*Second*, only Option 1 takes into account the increased human consequences flowing from the above-described failure of the Region to come even close to meeting its existing affordable housing needs. As a result of this failure, the lower the household income level category, the greater is both the absolute number of households—and the percentage of households within that income level—that face a housing cost burden in general (i.e., that pay more than 30% of household income for housing), and that face a severe housing cost burden in particular (i.e., pay more than 50% of household income for housing).<sup>2</sup> Statewide statistics are similar.<sup>3</sup>

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<sup>1</sup> See Feb. 2018 HCD Report, “California's Housing Future: Challenges and Opportunities, Final Statewide Housing Assessment 2025” (“Feb. 2018 HCD Report”) at p. 30, Figure 1.25 entitled “Rental Housing Falls Short at All Income Levels, Except Above Moderate” (reporting at the State level the difference between the number of households at each income level and the number of existing units affordable to those households as follows: “Above Moderate (>120%) 300,000 unit surplus[;] Moderate (80-120%) 61,000 unit shortfall[;] Low Income (50-80%) 960,000 unit shortfall[;] Very Low (30-50%) 1.5 million unit shortfall[;] Extremely Low (<30%) 1.0 million unit shortfall”).

<sup>2</sup> See, e.g., HUD Community Housing Assessment Strategy (“CHAS”) Data for Los Angeles County from 2012-2016 American Community Survey (reporting that in L.A. County, some 373,000 renter households earning 30% or less of HUD Area Median Family Income (“HAMFI”) (70.0% of all such households), some 121,000 renter households earning from 30+% to 50% of HAMFI (35.1% of all such households), some 32,000 renter households earning 50+% to 80% of HAMFI (9.1% of all such households), some 4,600 renter households earning 80+% to 100% of HAMFI (3.0% of all such households), and some 2,000 renter households earning 100+% of HAMFI (0.5% of all such households) pay more than 50% of their income in rent).

<sup>3</sup> See, e.g., Feb. 2018 HCD Report at p. 271, Fig. 1.21 and Table 1.2 (reporting at the State level that more than one million “Extremely Low-Income/Below Poverty Line” renter households (76.9% of all such households), some 390,000 “Very Low-Income” renter households (47.4% of all such households), some 190,000 “Low-Income” renter households (16.9% of all such households), some 31,000 “Moderate-Income” renter households (5.3% of all such households), and some 18,000 “Above-Moderate Income” renter households (0.9% of all such households) pay more than 50% of their income in rent).

Not only are households more likely to face a housing cost burden the lower their income, but the impact of that housing cost burden is also more severe. As stated in the 8/2/19 SCAG Report at p. 9:

the conditions of cost-burden have disproportionate impacts on lower income households. For example, a lower income household paying 40 percent of their income on housing has less remaining income available for other costs than that of a higher income household that spends the same percentage on housing. The lower the income of the household the more impact overpaying on household costs becomes.

Not surprisingly, the high cost of rental housing faced by these households is a major cause of homelessness, as both researchers and public officials recognize.<sup>4</sup> And homelessness—when it occurs—takes a heavy toll on the mental and physical health of the impacted individuals.<sup>5</sup> This, in turn, interferes with homeless children’s ability to learn.<sup>6</sup> It also imposes substantial additional costs on the local community for increased medical and criminal justice services.<sup>7</sup>

Even when homelessness is avoided, these severely cost burdened lower income households spend much less on food, on health care, and on their children’s development than they would if they had affordable rents.<sup>8</sup> Research indicates (as does common sense) that these conditions likewise can negatively impact the mental and physical health of the affected individuals, undermine academic attainment for impacted children, and thereby impose increased costs on the local community.<sup>9</sup>

For these additional reasons, SMRR supports Option 1. Once again, only Option 1 properly focuses local, regional and State policymakers—as well as the public—on the crux of the affordable housing crisis (i.e., the severe existing shortage of housing affordable to low and moderate income households). Absent such a proper focus, effective housing policy is not possible.

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<sup>4</sup> See, e.g., Feb. 2018 HCD Report at App. A, p. 6 (citing research paper); Center on Budget and Policy Priorities, “How Housing Vouchers Can Help Address California’s Rental Crisis” (updated Feb. 12, 2016) (“2016 CBPP Whitepaper”) at text accompany footnote 11; United States Conference of Mayors, “2014 Report on Status of Hunger and Homelessness” at 2 (citing survey of officials from 25 cities nationwide).

<sup>5</sup> See, e.g., Feb. 2018 HCD Report at App. A, pp. 7 (citing research papers); 2016 CBPP Whitepaper at text accompany footnote 14 (citing research papers).

<sup>6</sup> See, e.g., 2016 CBPP Whitepaper at text accompany footnote 14 (citing research papers).

<sup>7</sup> See, e.g., Feb. 2018 HCD Report at App. A, p. 6 (citing studies and research papers).

<sup>8</sup> See, e.g., 2016 CBPP Whitepaper at text accompany footnotes 8-9 (citing research papers).

<sup>9</sup> See, e.g., 2016 CBPP Whitepaper at text accompany footnotes 14-15 (citing research papers); Center for Housing Policy, “The Impacts of Affordable Housing on Health: A research Summary” (Apr. 2015).

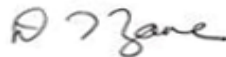
*Third*, only Option 1 recognizes that some jurisdictions bear a disproportionate share of the responsibility for creating the existing regional housing shortage, and that those jurisdictions properly should have to do somewhat more to rectify the situation than other jurisdictions. SMRR believes that this principle is important not only as a matter of basic fairness, but also as an essential tool for marshalling and maintaining governmental and public support for the investments necessary to effectively combat the severe regional shortage of housing affordable to low and moderate income households. For example, while a strong majority of Santa Monicans ultimately voted in 2016 to raise local sales taxes to create new funds for affordable housing, the campaign was made considerably more difficult by repeated questioning regarding the failure of other jurisdictions in the region to be assigned to produce and to actually produce their fair share of affordable housing. Moreover, if other jurisdictions know that they can simply ignore their RHNA goals for creating housing without any future repercussions, they are considerably less likely to make the investments and create the policies necessary to produce housing affordable to low and moderate income households.

If it were writing on a clean slate, SMRR would like to see the distribution methodology for the existing housing need component of the overall housing need place even greater weight on past performance in creating housing, and place particular emphasis on the past creation of housing affordable to low and moderate income households. However, at a minimum SCAG should adopt the Option 1 methodology for taking into account past performance on housing creation.

Thank you.



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Denny Zane  
Co-Chair, Santa Monicans for Renters' Rights