



**CITY OF SANTA MONICA**

# Update on Housing Policy Work Plan

**PLANNING COMMISSION**

February 19, 2020

# Agenda for Tonight's Discussion

1. Development Update
2. RHNA Process Update
3. Housing Element Update Preparation
4. Review of Council Direction
5. Work plan



## Housing Production

# Development Update

- Progress towards 5<sup>th</sup> Cycle RHNA
- Recent Housing Applications

# Housing Production

## Progress Towards RHNA and Housing Element Quantified Objectives OCTOBER 2019

	RHNA	Quantified Objective	Completed and In Construction	Needed for RHNA	Needed for Quantified Objective	Approved (Not In Construction)
Extremely Low (0-30% AMI)	428	83	116	58	(31)	50
Very Low (31-50% AMI)		214	254		(40)	56
Low (51-80% AMI)	263	263	150	113	113	25
Moderate (81-120% AMI)	283	111	27	257	85	2
Above Moderate (>120% AMI)	700	700	1,648	(948)	(948)	933
Totals	1,674	1,371	2,195			

# Housing Production

## Applications received since November 20, 2019 for Mixed-Use Housing Projects

### LUCE Growth Areas

- Downtown: 0
- Bergamot: 0
- Memorial Park: 0
- Boulevards: 2
  - 1512 Euclid St, Tier 1, 10-unit Mixed-Use
  - 1819 Pico Blvd, 100% Affordable Housing

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# RHNA Process Update

# Regional Housing Needs Assessment

## 6<sup>th</sup> Cycle RHNA – What's Next?

- February 24 – RHNA Subcommittee meeting
  - Recommendation on final methodology
- March 5 – SCAG Regional Council
  - Votes on final methodology
- April 2 – SCAG Regional Council
  - Reviews draft allocations based on adopted methodology
- Early April – Start of RHNA appeal filing period
- October – Vote on final allocations

# Regional Housing Needs Assessment

## Overview of Appeals Procedure

- Who can appeal?
  - Jurisdiction
  - Other Jurisdictions
  - HCD
- Cannot be based on
  - Local ordinances
  - Historic underproduction based on prior RHNA
  - Stable population growth



# Regional Housing Needs Assessment

## 6<sup>th</sup> Cycle RHNA

- Anticipating large allocation to Santa Monica
  - Estimate ~ 8,874 units based on SCAG tool (Feb '20)
  - 69% must be affordable (50% at lower incomes)

RHNA Allocation												
VLI			LI			MOD			Above MOD			TOTAL
Percent	Total	Annual Constructed Avg. 14 - 18	Percent	Total	Annual Constructed Avg. 14 - 18	Percent	Total	Annual Constructed Avg. 14 - 18	Percent	Total	Annual Constructed Avg. 14 - 18	
31.4%	2786	52	18.8%	1668	38	19.1%	1695	5	30.7%	2724	121	8874
		x8 = 418			x8 = 304			x8 = 43			x8 = 969	

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# Housing Element Update process

# Housing Element Update Timeline

## 6<sup>th</sup> Cycle Housing Element (2021-2029) Schedule

- HCD Deadline for Council adoption: by October 15, 2021
  - *120-day grace period (February 12, 2022)*
- Public engagement process to include affected stakeholders
  - Tenants, landlords, housing providers, service providers, development community, and City Boards/Commissions

# Housing Element Update Timeline

2020				2021			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Housing Element EIR</b>							
30 Day NOP, Consultant to Prepare Draft EIR					Draft EIR 45 Day Review Period	Final EIR Release	
						EIR Adoption and Certification	
<b>Housing Element Update</b>							
Update Housing Element					Submit Draft HE to HCD	Revise HE and Council Adoption	Adopted Housing Element
						Submit Adopted HE to HCD	
						Permits Count Towards 5th and 6th Cycles	
						60 day review	90 day review

# Housing Element Components

## 1. Evaluation of Progress

- Measure housing production for past cycle

## 2. Needs Assessment

- Housing needs based on demographic, household, and housing characteristics

## 3. Constraints

- Assess constraints on maintenance, improvement or development of housing

## 4. Suitable Sites Inventory

- Identify adequate sites for residential development
- Recommendation to accommodate 10-15% more than allocation to account for No Net Loss requirement

## 5. Goals, Policies, Implementation → Work Program

# Housing Element Components

## What the Key Issues Will Be

- Developing a suitable sites inventory to accommodate RHNA
- Consideration of No Net Loss (SB166)
  - Requires that City maintain sufficient housing capacity to accommodate RHNA at all times
  - Must identify additional low-income housing sites when market-rate housing is developed on site identified for low-income housing
  - HCD recommendation to plan for 10-15% above RHNA
- CEQA Analysis
  - Analyzing impact of a program that accommodates development of 8,800 housing units in 8 years

# Housing Element Update

## 6<sup>th</sup> Cycle Housing Element Progress

- What are we doing to prepare?
  - RFQ for consultant: Completed; interviews scheduled
  - LEAP Grant: Maximum \$300,000 for housing-related research
    - Application in progress to focus on SSI and CEQA EIR
    - Council resolution required; March consent calendar
  - Request for budget enhancement to cover full costs of EIR and HE preparation
  - Data collection
    - City Departments have created a joint database for monitoring housing development

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# Review of Council Direction

# Council Direction on Housing Policy 12/10/19

Challenge: How to accommodate affordable housing allocation

→ Should not appeal RHNA

## Support 100% Affordable Housing

- Remove barriers to production
  - Streamline process
  - Increase density & height
  - Reduce City costs
- Explore new funding models for affordable housing – legislative changes?
- Public land inventory - offer right of first refusal on public land
- Ensure availability of affordable units to existing residents and their families

## Activate Density Bonus

- Implement AB1763 for 100% affordable housing
- Implement density bonus for market-rate projects in commercial zones

# Council Direction on Housing Policy 12/10/19

## Incentivize Housing Production in Bergamot and Boulevards

- How to make housing the clear choice relative to commercial – need further financial testing
  - Disincentives for commercial through process and standards
  - Bergamot – reconsider use mix requirements
- Process
  - Eliminate discretionary process for market-rate housing projects
  - Downgrade DAs for housing projects to DR review process
  - Revisit AHPP requirements to maximize production of deed-restricted units
- Standards
  - Go back to original 2010 LUCE limits – start with zoning
  - Understand what's necessary to achieve RHNA

Tradeoffs in ministerial process



## Protect Existing Residential Housing Stock

- LUCE growth strategy: incentivize development on the Boulevards, Downtown, BAP
- Research anti-displacement regulations

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# Update on Housing Policy Work Plan

# Housing Policy Work Plan

## Overall Goal – Certified Housing Element that Accommodates RHNA

- Support 100% Affordable Housing
  - Process
  - Standards
  - Financing Tools
- Incentivize housing production
  - Process
  - Standards
- Retain existing housing stock to preserve our diversity

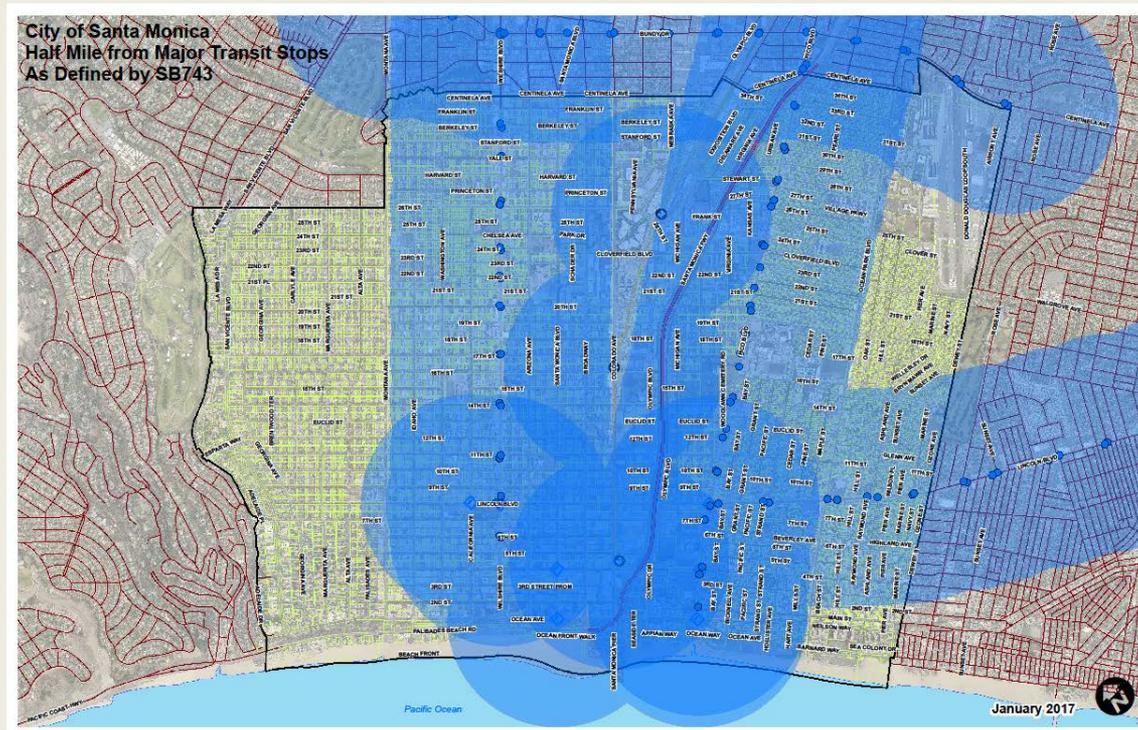
# Phase I – By End of March Immediate “Quick Hits”

## Process Thresholds

- Streamline process (Administrative Approval) for 100% Affordable Projects
- Consider process streamlining for HAA Compliant Projects

## Activate Density Bonus for 100% Affordable Housing

- Unlimited density and up to 3 extra floors within ½ mile of major transit stop



# Phase I – By End of March

## Immediate “Quick Hits”

### Implement 2019 Legislation

- SB330 Implementation – vested standards upon submittal of complete application, streamlined process, ban on downzoning, tenant protections
- Remove more ADU barriers
- Large family daycares

### Enact Clarifications for Protection of Existing Housing Stock

- Related to New Housing Models direction from Council
- Context of tenant protections passed in 2019 legislative package (AB1482 – Statewide rent control, just cause protection, no fault evictions, relocation assistance required)

# Phase II – April to December

## Research, Data Collection & Analysis

### Goal: Work towards release of draft Housing Element Suitable Sites Inventory

- Not the same as prior years
- Build out analysis based on parameters identified in State law
- Develop methodology similar to See Downtown 2030

### Testing to Determine Scenarios Most Likely to Produce Housing

- Run scenarios for Downtown, Bergamot, Blvds that will inform suitable sites inventory
  - How much market-rate development is necessary to support varying levels of affordable housing
  - Look at different 100% affordable housing scenarios
  - Consider co-living scenarios

### Density Bonus Implementation

- Approach in phases in order to maximize affordable housing and ensure that new process for market-rate housing achieves RHNA allocation and City' goals
  - Part 1: Implement AB1763 to support 100% affordable housing
  - Part 2: Activate incentives & concessions
  - Part 3: Implement density bonus

# Phase II – April to December

## Research, Data Collection, Testing, Analysis

### New Housing Models

- Part 1: Enact clarifications for use of existing housing stock
  - By natural persons for permanent place of residence
  - 1-year minimum lease
- Part 2: Study feasibility of co-living models per Council's 9/10/19 direction
  - Possible to count towards RHNA?

### Study Minimum Density (Enhanced by SB2 Grant)

- Test minimum density scenarios to support housing goals
- SB330 requires replacement housing when units are removed
- Local jurisdiction is not required to upzone to accommodate the replacement requirement → intended to safeguard displacement of existing units

### ADUs

- Update Code to provide process and incentives
- Will count towards RHNA but not likely to result in affordable units

# Phase II – April to December

## Research, Data Collection, Testing, Analysis

### SB2 Grant Information and Communications

- Resources and Guidebooks
- Permitting Software

### Retain existing units

- Code changes to establish protections for existing housing stock
- Consolidate and improve public-facing materials to educate on tenant and landlord resources (SB2 Grant)

### Explore Financing Options for Affordable Housing

- Funded by SB2 grant

# Phase III – 1<sup>st</sup>/2<sup>nd</sup> Quarter 2021

## Recommendations & Continuing Work

### Potential Plan and Zoning Amendments

- Restructuring AHPP to simplify and produce more affordable housing across spectrum
- Potential amendments to DCP, BAP, LUCE, Zoning Ordinance

### Future Implications for Noncompliance due to RHNA allocation

- Likely subject to SB35 process streamlining – develop objective design standards by 2022
- Continue to improve process to create alternative to SB330

# Phase IV – 3rd/4<sup>th</sup> Quarter 2021 Adoption

## Adopt Updated Housing Element

- Council adoption incorporating HCD review

## Establish Monitoring & Tracking Program

- Evaluate progress in meeting RHNA
- Track No Net Loss provision

## Implement Actions Established in Housing Element Program

- Actions necessary to ensure compliance with Housing Element