

11/20/19

JOINT HOUSING
AND PLANNING
COMMISSION
MEETING

PUBLIC COMMENT

Law Offices of
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November 15, 2019

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Matt Stauffer, Santa Monica Chamber Vice President
2425 Olympic Blvd.
Suite 160E
Santa Monica, CA 90404

Re: Santa Monica Planning Meeting
Wednesday, November 20
City Hall

Matt:

The Chamber should come. The Chamber represents business interests.

The housing policy should be liberal and very reasonable. We want to promote housing in Santa Monica. Yes, work force housing, very low income housing, and the Chamber should take a lead position. The following are our positions:

1. Oppose all Rent Control;
2. Major Santa Monica institutions should immediately embrace, encourage and promote WORK FORCE HOUSING;
3. Very liberal policy toward Accessory Dwelling Units (ADUs);
4. Rent burdened Tenants should be addressed by the Housing Department to get vouchers;
5. Community Corporation has no governmental oversight, supervision or audit;
6. Luxury Hotels on the beach would be an enormous source of revenue for municipal functions;
7. Protect and preserve old rental units by allowing some new measures to help family-owned units: Tenants to pay for water, sewage and trash; one half the cost of earthquake retrofit; balcony and staircase renovation; parcel taxes; bonds; and any mandated health and safety feature. The CPI formula be removed, and a new formula based upon Product Price Index.

Respectfully Submitted, Your Friend Always,

Michael

cc: Housing and Planning Commission
City Hall
1685 Main Street
Second Floor
Santa Monica, CA

Jay Johnson
601 Ninth Street
Santa Monica, CA

Jon Nikfarjam
Shield Real Estate
3435 Ocean Park Blvd.
Santa Monica, CA 90405

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VIA EMAIL

Chair Leslie Lambert
Planning Commission of the City of Santa Monica
1685 Main Street
Santa Monica, CA 90401

Chair Michael Soloff
Housing Commission of the City of Santa Monica
Ken Edwards Center
1527 4th Street
Santa Monica, CA 90401

Re: Utilizing State Density Bonus Law to Help Meet Increased RHNA Allocation

Chairs Lambert and Soloff and Honorable Commissioners:

At your joint meeting on November 20, 2019, the Planning Commission and Housing Commission will review and discuss an update on current work efforts related to state, regional, and local housing policy. As the City considers potential modifications to its housing policies, land use plans and the Affordable Housing Production Program (AHPP), I write to respectfully request that you also consider a strategy that could meaningfully increase market rate and affordable housing production capacity in the City – without requiring any changes to local law – by relying upon and fully implementing the existing framework of the State Density Bonus Law (California Government Code (CGC) Section 65915).

I. An Urgent Need for Additional Housing Production Capacity.

There is an acute need for additional housing production capacity in the City. As described in the staff report for the November 20 meeting, based upon the alternative methodology adopted by the SCAG Regional Council on November 7, 2019, in the upcoming 6th Housing Element Cycle, Santa Monica may receive a significantly larger allocation under the updated Regional Housing Needs Assessment (both overall and at the lower-income level) compared to the 5th cycle. In particular, compared to the 5th cycle's allocation of 1,674 units, Santa Monica's 6th cycle allocation is currently estimated at 9,059 units.

Given the vast increase in the Santa Monica's RHNA allocation and the lack of suitable suits for large-scale residential development, the City must consider new solutions. Utilizing the State Density Bonus Law (DBL) presents one such opportunity.

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II. Santa Monica's Historic Approach to Applying the State DBL.

As you know, residential uses are permitted in the City's mixed-use and commercial districts, including the MUBL (Mixed-Use Boulevard Low), MUB (Mixed-Use Boulevard), GC (General Commercial), and NC (Neighborhood Commercial Districts), as well as in all of the Downtown Districts and the Bergamot Area. However, these districts do not specify a maximum permitted residential density on the basis of dwelling units per lot area. Rather, residential density is regulated only by building envelope development standards, such as maximum floor area ratio (FAR), maximum building height, maximum building footprint, minimum setbacks, and minimum outdoor living area.

The State DBL generally grants a "density bonus" (i.e., per CGC Section 65915(f), "a density increase over the otherwise maximum allowable gross residential density") to housing developments providing a certain share of prescribed deed-restricted affordable housing units. Santa Monica has historically taken the position that, because "maximum allowable gross residential density" (i.e., the number of units allowed based on lot area) is not specifically regulated along the Boulevards, and in Downtown and Bergamot Area, the Density Bonus Law is simply not applicable. With adoption of the LUCE, Santa Monica developed its own tiered approach to development rights – granting increased bonuses at higher Tier levels in exchange for community benefits. The City found it convenient to ignore the State DBL in favor of this local regime. As such, SMMC Chapter 9.22 currently limits the application of density bonuses to residential districts only.

However, this historic approach is plainly inconsistent with the purposes and substance of the State law. Nothing in State DBL permits a municipality to simply opt out because it happens to have developed a local tiered development incentive program. On the contrary, the State law mandates that all local governments permit increased residential development capacity by utilizing the procedures for granting "incentives or concessions" and/or "waivers of development standards" - even if an actual "density bonus" (i.e., number of permitted units per lot area) is not necessary or requested – provided the project includes the requisite amount of affordable housing.

III. Use of State DBL Incentives or Concessions Could Increase Housing Capacity

CGC Section 65915(b)(1) provides that a city "shall grant . . . incentives or concessions" if requested by an applicant where the applicant proposes to construct a housing development that will contain a specified percentage of affordable units (emphasis added). Section 65915(k) defines a concession or incentive as "[a] reduction in site development standards or a modification of zoning code requirements or architectural design requirements," and, per Section 65915(o)(1), a "development standard" includes, among other things, height limitation, setback requirements, floor area ratio, and onsite open-space requirement. The State DBL further clarifies that the applicant may elect to take a lesser percentage of density bonus increase than that for which the applicant would otherwise be eligible – "including, but not limited to, no increase in density" (CGC Section 65915(f)). (Emphasis added). In other words, the applicant is eligible for incentives

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or concessions to address the affordable housing costs regardless of whether the project actually utilizes a “density bonus” expressed in terms of maximum allowable gross residential density.

Under the State DBL, the City must grant the requested concession or incentive unless the City makes a written finding that the concession or incentive (i) does not result in identifiable and actual cost reductions to provide for affordable housing costs, (ii) would have a specific, adverse impact upon public health and safety, the physical environment, or a historic resources, or (iii) would be contrary to state or federal law (CGC Section 65915(d)(1)). Moreover, the granting of a concession or incentive shall not require or be interpreted, in and of itself, to require a general plan amendment, zone change, or other discretionary approval (CGC Section 65915(j)(1)). Accordingly, the granting of incentives and concessions in compliance with the State DBL would increase housing capacity without requiring any Citywide rezoning effort or Development Agreement process.

Notably, the State DBL provides that it “shall be interpreted liberally in favor of producing the maximum number of total housing units” (CGC Section 65915(r)). While Santa Monica has traditionally taken a very conservative approach to the State DBL (to put it charitably), the consequences for noncompliance have recently increased. Assembly Bill 72, passed by the State legislature in 2017, requires the State Department of Housing and Community Development to notify the City, and also potentially the Office of the Attorney General, if it finds that the City has taken any action in violation of the State DBL (CGC Section 65585(j)(3)). In addition to pursuing all other available remedies, the Attorney General may bring an action to enforce compliance with the State DBL and, if the City has not complied with the order or judgment after 12 months, the courts may impose fines of up to \$100,000 per month (which can be further multiplied if the City continues to not comply) (CGC Section 65585(l), (m)).

The DBL makes clear that, if applicants propose the requisite share of affordable units, the City must grant the requested concessions and incentives unless it can make the narrow findings specified above, and even if the applicant is not otherwise taking a “density bonus” as traditionally defined (i.e., an increase in maximum permitted residential density). The statute also provides for the recovery of attorneys’ fees for a private action in the event a municipality improperly denies a requested incentive or concession in violation of the State Law – a unique benefit rarely afforded to development applicants.

Putting legal mandates and State imposed penalties aside, from purely a policy perspective the State DBL presents an untapped opportunity to increase housing production capacity in desired locations (on the Boulevards and in the Bergamot Area and Downtown) by utilizing concessions and incentives to relax development standards and create more units. Projects in these parts of the City – where the LUCE contemplates development intensity – could benefit from concessions or incentives for increased building height or FAR that would enable the construction of more residential units, with a guarantee that a certain share of those units would be set aside for affordable housing. Simply allowing these types of projects to proceed, consistent with existing

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law, would unlock a significant amount of housing development potential itself without involving a drawn-out—and no doubt contentious—formal up-zoning process.

IV. Inclusionary Zoning Units Must Count Towards the State DBL Requirement.

As you know the City has a robust inclusionary housing program that applies to every multi-family/mixed use development. The California courts have clearly decided that affordable units required under municipal “inclusionary zoning” laws must count towards the percentage affordability requirements under the State DBL.

In *Latinos Unidos Del Valle De Napa Y Solano v. County of Napa* (2013) 217 Cal.App. 4th 1160, the California Court of Appeal held that Napa County’s ordinance which failed to credit low-cost units satisfying the county’s inclusionary requirement toward satisfying the density bonus requirements failed to comply with state law (*id.* at 1169). The court noted that the State DBL “imposes a clear and unambiguous mandatory duty on municipalities to award a density bonus when a developer agrees to dedicate a certain percentage of the overall units in a development to affordable housing” (*id.* at 1167 (citing *Friends of Lagoon Valley v. City of Vacaville* (2007) 154 Cal.App.4th 807, 826). Accordingly, the court voided the county’s local density bonus ordinance to the extent it required a developer to dedicate a larger percentage of its units to affordable housing than required by CGC Section 65915 (*id.* at 1169).

Given the decision in *Latinos Unidos*, it is clear that deed restricted units already required under the City’s affordable housing ordinances must count towards satisfaction of the percentage affordability requirements under the State DBL. Therefore, most multifamily housing developments in the City are already required to provide the requisite share of affordable units necessary to obtain incentives or concessions to increase the building envelope and development potential. In certain cases this additional development potential could mean the difference between an applicant pursuing a feasible mixed use, mixed income project verses a Tier 1 commercial box – because the developer is unable to make housing under the current regulations pencil.

V. West Hollywood’s Similar Approach to Applying the State DBL in Commercial Zones.

Although the State DBL is clear about its application to Santa Monica’s non-residential districts, there is also precedent for the approach to applying the State DBL as suggested in this letter. Similar to Santa Monica, the City of West Hollywood regulates residential development in its commercial zones on the basis of building envelope development standards, not traditional unit-per-lot-area density. The City of West Hollywood’s ordinance implementing the State DBL specifies that, for purposes of calculating the permitted housing bonus in commercial zones, “density” refers to the maximum permitted FAR, and “FAR is not translated into a unit count for purposes of calculating the density bonus” (West Hollywood Municipal Code Section 19.22.050 D.3.b.). The ordinance specifies, further that the density bonus “shall only be used to increase the residential floor area of the project” (*id.*). Applicants are further able to request a height increase

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as a development incentive/concession. Thus, West Hollywood enables applicants to take advantage of the State DBL to increase residential density in its commercial zones, even though residential density is not *per se* regulated in those zones. Allowing applicants in Santa Monica to utilize concessions or incentives in its non-residential districts would achieve a similar result.

Note that, although West Hollywood has codified its approach to awarding density bonuses in commercial zones, a change in law is not necessary to achieve these benefits in Santa Monica. On the contrary, CGC Section 65915(a)(1) specifically instructs that “[f]ailure to adopt an ordinance shall not relieve a city . . . from complying with this section.” Therefore, no change in law is required to implement the recommended approach to applying the State DBL in the City’s non-residential districts.

VI. Now Is the Appropriate Time to Come into Full Compliance with the State DBL

Given the radical increase in the City’s RHNA allocation that appears imminent, Santa Monica needs expeditious, creative solutions to increase housing capacity. The City’s highly conservative approach to the State DBL is both inconsistent with state law and contrary to the City’s long progressive history with respect to housing production. In light of AB-72, the stakes are higher than ever today. In light of the City’s overarching policy goals of neighborhood preservation and focusing development Downtown, along the boulevards and in the Bergamot Area, implementing this simple policy change to comport with State housing law would help fill part of the gap while remaining broadly consistent with local development policies.

Thank you again for your time and consideration of this matter. Please do not hesitate to contact me with any questions.

Sincerely,



Dave Rand

cc: David Martin
Jing Yeo
Heidi von Tongeln

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November 20, 2019

VIA E-MAIL

Santa Monica Planning Commission
1685 Main Street, Room 212
Santa Monica, CA 90401

Santa Monica Housing Commission
1901 Main Street, Suite B
Santa Monica, CA 90405

Re: The City of Santa Monica's Housing Element Update Process (Sixth Cycle)
Hearing Date: November 20, 2019
Agenda Item 4-A
Our File No. 639.67

Dear Commissioners:

I am writing as general counsel for the Santa Monica Housing Council ("SMHC"), a California non-profit corporation that for the past 30 years has advocated in favor of City housing policies and regulations that would facilitate the City meeting its RHNA fair share allocations for new housing production. SMHC has been active in prior City Housing Element cycles and plans to participate actively in the Sixth Cycle.

This letter focuses on the challenges facing the City as it begins the process to update its Housing Element. Overall, even if one accepts the Staff Report's "rosy" view of the City's past performance in producing housing (SMHC does not), the City will need to enact and implement fundamental reforms to its housing development standards and procedures and find significant new revenues for affordable housing in order to meet its RHNA allocations. Given the extensive reforms made to State Housing Element Law in recent years, including enhanced enforcement, the City will not be able to sidestep its legal responsibilities to generate additional housing.

I.
CONTEXT

The RHNA process for the next Housing Element (2021-2029), though not complete, frames the City's housing challenges going forward. Assuming the California Department of Housing and Community Development ("HCD") approves SCAG's new recommended housing numbers, the City's new RHNA allocation (overall) will be approximately 9,000 units, or about 1,000 units per year. This represents an enormous increase compared to past City performance, which has been slightly more than 200

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units per year for the past two decades and which predates the latest round of City regulatory burdens facing most new housing projects.

The City's anticipated RHNA allocation will also include a substantial number of affordable housing units. Yet, as the HR&A analysis attached to the Staff Report (Attachment A) shows, ratcheting up the City's AHPP requirements is not a viable option for improving the City's affordable housing production. Such action would only serve to stifle new housing development overall and will not lead towards achieving the RHNA objective for more affordable housing.

The City's housing challenges in meeting its RHNA allocations are compounded by a number of factors that need to be considered in developing a new City housing strategy and specific programs to achieve its goals. These include:

- The City is largely built-out; there is very little vacant land available for new housing development. For the most part, new housing will need to be built on sites with existing (non-housing) uses. Thus, it is not sufficient for potential new housing projects to be "feasible" in accordance with the kind of abstract, pro forma modeling prepared by HR&A; rather, such projects will need to have a significant advantage for land owners in comparison to both existing uses/conditions and non-residential alternatives. In other words, housing development needs to be incentivized above the *status quo* of keeping the existing uses.
- The City's residential districts provide very limited opportunities for additional housing.
 - As a matter of policy, the City will inevitably continue its very restrictive zoning standards on sites improved with rent-controlled housing. And, redeveloping sites currently improved with individually-owned condominiums to higher density housing is unrealistic.
 - Although SMHC supports state and local laws favoring ADUs, the number of ADUs in the upcoming Sixth Cycle is likely to make, at best, a small dent in the City's RHNA allocation.
- The City's commercial zoning districts (including Downtown, Bergamot and the boulevards) continue to provide the greatest potential for new housing. However, the current standards and procedures are woefully inadequate to trigger the scale of market activity necessary for the substantial expansion of

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Santa Monica's housing stock contemplated in the City's new RHNA allocation.

- Santa Monica has large areas devoted to surface parking (some commercially-zoned, most residentially-zoned) which could accommodate significant new housing. But the City lacks the strategies, standards and procedures necessary to truly incentivize housing on these sites.
- Santa Monica has in place AHPP (inclusionary housing) requirements that act as an impediment to new housing. The Downtown Community Plan's heightened requirements have essentially blocked new housing projects (except for pipeline projects that were exempted from these new requirements). And, the new HR&A study indicates that the City's elimination of the 7.5% Extremely Low option for Tier Two housing projects renders such projects marginal or infeasible. (HR&A's report is buttressed by the slowdown in housing activity since the Extremely Low option was suspended.)

II. A NEW HOUSING STRATEGY (AND PROGRAMS) FOR SANTA MONICA

The City's new Housing Element will need to incorporate a new housing strategy for Santa Monica designed to achieve the City's RHNA allocations, with specific programs that will facilitate the City's improved housing performance. In this regard, the vaguely worded programs in the most recent City Housing Elements will not be satisfactory legally. State Housing Element Law requires housing elements to include programs with specific action steps the city will take to implement its policies and achieve its goals and objectives. These programs must also contain a specific timeframe for implementation, identify the agencies or officials responsible for implementation, describe the jurisdiction's specific role in implementation, and identify specific, measurable outcomes. See Government Code §65583(c) and HCD, "Building Blocks For Preparing Housing Elements," which may be found at www.hcd.ca.gov.

At this early stage, SMHC is not prepared to propose specific programs. But the areas where reforms are necessary should be reasonably clear. Below are some introductory comments about these areas:

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1. Downtown:

The Downtown Community Plan (“DCP”) has stagnated housing Downtown, partly because of its excessive and unworkable AHPP requirements. Refining the DCP is essential given that, as the Staff Report acknowledges, Downtown remains an area with significant housing potential. Reforms in the Downtown should include:

- Greater heights and densities for housing, with the new housing standards designed to incentivize housing compared to existing uses and alternative non-commercial development.
- Procedural incentives for housing (including no DA requirement for housing projects).
- Restoration of workable AHPP requirements (with no escalation in the percentage of affordable housing based on project size since the objective under State Law is more housing, not less).

2. Bergamot:

The Bergamot Area Plan (“BAP”) has been a failure, especially as it relates to housing. The new Housing Element should require a prompt revision of the BAP to incentivize housing, with height and density bonuses, streamlined procedures, and a workable AHPP requirement. The new Housing Element should include specific incentives for housing in Bergamot, not vague promises.

3. The Boulevards:

The boulevards are key to the City having a realistic chance of achieving its RHNA allocations. Reversing the downzoning since the LUCE was adopted in 2010 is a minimum first step. But the City will need to upzone the boulevards even further to achieve its RHNA allocations.

In this regard, the City should learn from its success on Lincoln Boulevard since enactment of the LUCE in 2010. On Lincoln, property owners were incentivized to sell their properties to housing builders rather than continue them with existing non-residential uses (or sell them for commercial development). A similar strategy should be pursued on other boulevards. And the City should consider the possibility of upzoning those portions of Lincoln Boulevard that have not been redeveloped with housing (both north of the I-10 Freeway and south of the I-10 Freeway).

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4. Vacant/Parking Lot Sites:

The City should develop a strategy that targets existing surface parking lot sites including those in R-zones, which tend to be adjacent to commercial boulevards. These sites have substantial capacity for housing. They should not be subject to their current, highly-restrictive zoning, which was designed to protect rent-controlled housing and is not relevant to R-zoned parking lots.

5. Activity Centers:

The City should revisit the 2010 LUCE's Activity Center provisions, which contemplated substantial housing at these sites with powerful incentives for housing.

6. Public Lands:

The City should explore opportunities to create new housing on City-owned land, with a focus on affordable housing, and reach out to other public agencies to explore the possibility of housing on land owned by such agencies (e.g. SMMUSD, the County, etc.).

7. Project Review Procedures:

The City needs to rethink fundamentally the structure of its review procedures for housing projects.

- The City should substantially expand the Administrative Approval process for housing projects (especially in its commercial zoning districts and on existing parking lot sites) as an incentive for housing (compared to other uses) and because the development review permit process is of limited value given the Housing Accountability Act. The development review permit process should be limited to very large sites only.
- No housing projects should ever require a development agreement.

8. Affordable Housing:

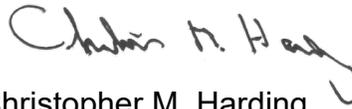
The City cannot meet its RHNA affordable housing obligations primarily through the AHPP. This should be apparent from both recent Downtown experience as well as the HR&A study. The primary component of a successful new affordable housing strategy must be finding new revenue sources, which should be an urgent City priority.

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**III.
CONCLUSION**

SMHC will be actively participating in the City's Sixth Cycle Housing Element update process as it moves forward. We urge both Commissions to take to heart the new challenges posed by Santa Monica's anticipated RHNA allocations and recent changes to State Housing Element Law, and support the necessary regulatory reforms to meet the City's legal obligations.

Sincerely,



Christopher M. Harding

CMH:sna
cc: David Martin
Jing Yeo
Andy Agle
Barbara Collins
Heidi von Tongeln
SMHC Board of Directors

From: Hank Koning <hkoning@kearch.com>
Sent: Wednesday, November 20, 2019 12:31 PM
To: Kyle Ferstead <Kyle.Ferstead@SMGOV.NET>
Subject: Please pass on to Planning and Housing Commissioners

Commissioners,
I hope to present to the Joint meeting tonight but wanted to share the following with you in case I am unable to do so.

Santa Monica Housing Study

A while back HR&A did a similar study to determine what amount of inclusionary affordable housing a project can financially sustain. At that time I reviewed the study and commented that many of the development costs were optimistic. The City went ahead and adjusted the inclusionary requirements based on that report and we saw a significant reduction in housing project entitlement applications. Not really what the City's goals were then and still are.

Here we are again and I have reviewed the development cost assumptions and based on recently completed and projects in the bidding phase in Santa Monica I again find the development cost numbers optimistic. In fact I'd love MGAC to bid on some of my projects.

Here are some comparison numbers:

	HR&A Study estimate	KEA SM examples
Parking per stall (due to subterranean parking levels now including bike parking, trash room, electrical rooms , water storage and pumps etc. resulting in an efficiency of 500sf - 600sf per stall)	\$66,000	\$75,000
Residential type V \$per SF	\$200	\$275 -\$356
Retail \$per SF	\$160	\$200
Site Work/Amenities (this is to cover required private and common outdoor living space as required per Zoning Ordinance)	\$?	\$100 -\$187
MUB Land Cost per SF (Based on a recent land purchase for a project in Santa Monica - I am not authorized to mention which project)	\$415	\$666

In addition I am unsure if the following factored into the study assumptions:

TI allowances for commercial spaces,
Entitlement and Building Permit time frames and associated holding costs,
Santa Monica Construction time frames which are typically longer than in other Cities,
Additional design and engineering fees which tend to be higher in Santa Monica?

Obviously these cost adjustments and other factors would potentially, and significantly chance the studies conclusions and I recommend you have the consultant confirm the accuracy and completeness of the analysis.

I also wish to express support for Paula Larmore's suggested quick fix solutions to get housing projects moving again. However, while I think increasing the size of projects that can be approved under an Administrative Approval process is a good suggestion, there are many ZO requirements that simply get in the way of good design that then require a Modification or Variance (such as Commercial GF levels above and below sidewalks and GF floor to floor requirements). This then kicks the project into a Planning Commission review. I suggest you do the quick fix on this item per Ms.Larmore's suggestion and also revise some of these standards, perhaps allowing ARB review and approval of these modifications.

Thank you.

Hank Koning FAIA FRAIA LEED A.P. Founding Principal

RAIA 2019 Gold Medalist

KoningEizenberg | 1454 25th Street, Santa Monica, CA 90404

From: Oscar de la Torre <odelatorre16@yahoo.com>

Sent: Wednesday, November 20, 2019 3:12 PM

To: Soloff, Michael <Mike.Soloff@mto.com>; michael.soloff@smgov.net; leonora.camner@smgov.net; anjuli.katz@smgov.net; richard.hilton@smgov.net; rene.buchanan@smgov.net; todd.flora@smgov.net; loren.bloch@smgov.net; Rick Cole <Rick.Cole@smgov.net>; clerk <clerk@smgov.net>; leslie.lambert@smgov.net; richard.mckinnon@smgov.net; elisa.paster@smgov.net; shawn.landres@smgov.net; mario.fonda-bonardi@smgov.net

Cc: PNA SM <pna90404@gmail.com>; Maria Loya <mloyadlt@gmail.com>; B. Onofre <beredeambo1@yahoo.com>; Marco Marin <marcaliforni@gmail.com>; Brian O'Neil <bpo42@yahoo.com>; Cc: Christhild Andersen <christhildandersen@yahoo.com>

Subject: Housing Policy Item 4A

To: Santa Monica Housing Commission

From: PNA Board of Directors

RE: Housing Policy, Item 4A

Dear Housing and Planning Commissioners;

The PNA Board of Directors is writing this letter in response to the item 4A on joint meeting of the Housing Commission and Planning Commission agenda for November 20, 2019. The Pico Neighborhood is home to the City's most diverse neighborhood that includes Latinos, African American, Asians and Anglo working class families, which is currently being threatened by rising housing costs. In fact, the Pico Neighborhood is currently experiencing an increase in rent prices that has been fueled by land speculation and a series of land-use policies that incentivize development.

Many of the policies that are being adopted by the City of Santa Monica are contradictory and or actually work to increase displacement or worsen the availability to real affordable housing. The City of Santa Monica has responded to the housing crisis by incentivizing the construction of moderate and market rate housing which only works to create more market pressures that results in an increase rents and displacement of long term renters. This impacts every neighborhood in Santa Monica. Another example of how the City is contributing to an increase in housing prices and displacement rather than creating solutions includes, the City of Santa Monica's Pico Wellbeing Project zoning rules for Pico Blvd. which was recently approved by the City of Santa Monica Planning Commission. The zoning recommendations include increasing flexibility in building restrictions which acts as an incentive to demolish and redevelop that will no doubt result in many existing local businesses losing their leases and the proposed zoning rules also incentivizes uses such as bars, nightclubs and large scale restaurants that will not change the character of our neighborhood but also create pressures for rents to increase.

As you engage in a discussion of how to effectively and jointly address the growing housing crisis that you consider the full impact of the policy recommendations on the current Santa Monica residents who many are a paycheck away from losing their homes and becoming homeless. We ask that you consider the following policies.

No Net Loss Ordinance

- We support agree an ordinance which requires that every unit that is eliminated must be replaced with the requirement that has to ensure that Santa Monica renters that have been displaced are given the opportunity to return to those new units. Residents that have been displaced in the past should have the *Right of Refusal*.

Prohibit Market Rate and Moderate Rate Housing for New Housing Constructions

- In order to mitigate the already tight market pressures that exist in the Pico Neighborhood, market and moderate rate housing must be prohibited. The creation of more moderate rate to market rate housing in the Pico Neighborhood will only work to increase rents in the area and facilitate the displacement of more long-term residents.

Land-use Policies

- Prohibit land use policies that incentivize demolition and re-development of existing buildings. This will work to preserve existing local businesses and will protect them from displacement.
- Create zoning policies that will protect the scale and character of the Pico Neighborhood