



Presentation to: Housing Commission

Date: September 20, 2012

Following the presentation on the housing element process, challenges and emerging issues, commissioners provided the following feedback:

Zoning Ordinance

Commissioners expressed that the City should encourage affordable housing through waiver of standards.

Regional Housing Needs Assessment (RHNA)

Commissioners asked about whether RHNA would be further adjusted due to TOD, and discussed the factors that led to an increased RHNA allocation.

Preservation of existing affordable housing,

The City should find ways to retain affordable units that are due to expire. There are no units imminently expiring, but the Housing Element will analyze the projects that are reaching their expiration dates anytime up to 2021. A lot of affordable housing was developed in the 1980s with affordability restrictions lasting 55 years.

Unit Type for Prioritization

There was some support for focusing the City's remaining affordable housing funding on family housing to compensate for the many smaller units that developers are building. Average household size has not changed significantly over time. The large majority of recent CCSM units have been designed for families.

There was a discussion about whether to analyze current demographics to assess need or to look more broadly at ways to maintain a desired population balance. One commissioner asked: Do we want a transient population or do we want families who will form the basis of a more stable community?

One Commissioner expressed that young singles (25-35 yrs.) are priced out of housing in the city because rents are too high. In particular, transportation to work for those employed in SM restaurants and nightlife locations is challenging because BBB buses stop running too early. Another noted that in addition to single young adults, there is a strong need for housing for lower-income families (3-4 bedroom units), seniors, and supportive housing (mentally disabled, special needs, etc.).

Employee housing

Commissioners asked about the percentage of people who work and live in Santa Monica, which they believe to be very low. The housing element should include that information and demonstrate that a lot of people are commuting into Santa Monica, perhaps because they cannot afford to live in the city.

Some commissioners expressed that the highest need is for housing for very low and extremely low income people. The income level for units that the city uses for its matrix needs to be lowered, consistent with the HUD standard (\$24,000 for a single person). It was suggested that it might be necessary to focus all subsidies into extremely low income housing because DA's will never build them and they require a huge level of subsidy to construct and operate.



Protecting affordability

Commissioners suggested that the City find ways to compensate owners for retaining Section 8 tenants or accepting new Section 8 tenants. Section 8 voucher-holder discrimination is a problem and the cost of housing in SM makes it more affordable for voucher holders to choose a unit elsewhere in order to avoid the need to spend more than 30% of their income on housing. Even in rent-controlled units, Section 8 tenants are at risk of losing their apartments because if the rent creeps up, even in small increments, it can go beyond their means. Particularly if a voucher holder moves into a unit that is more than 30% of their income, this can be a problem.

It was noted that the City has lost its stock of mobile homes over time, resulting in a loss of extremely low income households for whom these units were affordable. The City is becoming a wealth economy and losing its economic diversity through housing.

Commissioners concurred that units built with public money should go to the people who need them, and some expressed concern in regard to the process that takes place if a tenant moves past the income level for which their unit is intended.

The high cost of housing production

The cost of producing affordable units in Santa Monica is very high – are there any ways to reduce that cost? Per Housing staff that the cost per unit to build affordable housing is close to \$600,000 when the land costs are factored in.

There are credit restrictions that make it harder to finance affordable housing. Can that be adjusted?

There was discussion on reducing the parking requirement to a level that is actually used, which would help to reduce housing construction costs.

One commissioner noted that second units can be part of the solution, as these units are a potential lower rent option for singles and students. It was noted that the City's new zoning ordinance will be updated to comply with the State law on this subject.

The Commission plans to get more information together and combine their thoughts and provide more comprehensive recommendations for the Housing Element process.