



January 28, 2025

RE: Support for Evaluating Inclusion of Affordable Housing Among the Uses at the Santa Monica Airport After Closure—Item 16.J on City Council’s January 28, 2025 Agenda

Dear City Councilmembers,

We are writing to express the strong support of Santa Monicans for Renters’ Rights (“SMRR”) for including approximately 3,000 units of below market rate housing among the uses at the Santa Monica Airport that are to be evaluated in each of the two post-closure scenarios that are not purely LC compliant (i.e., that would require a vote of Santa Monicans before implementation) that Council tonight will direct Sasaki and Staff to study further. As explained below, SMRR believes the creation of approximately 3,000 units of below market rate housing at the Santa Monica Airport after closure is essential to ensure Santa Monica remains an economically diverse community, and does not become an economically gated community, a moral vision and moral goal that a majority of Santa Monicans have repeatedly endorsed by their votes over the last 45 years. SMRR also believes that the creation of these units need not preclude in any way any of the park-related and other uses that the community and SMRR also wish to see at the Santa Monica Airport after closure.

Of course, given Measure LC (which SMRR supported), the voters will have the ultimate say about whether in fact to create these units. But in order to fairly and intelligently present that choice to the voters, it is essential that these units be included in each of the two scenarios that are not purely LC complaint that Council tonight will direct Sasaki and Staff to study.

History Demonstrates That A Majority Of Santa Monica Voters Consistently Support Governmental Efforts To Maintain Santa Monica As An Economically Diverse City

Santa Monicans for Renters’ Rights (“SMRR”) was founded more than 45 years ago to combat the ongoing displacement of lower income and middle class renters from our beach city due to rapidly rising housing costs. Over and over again, the majority of Santa Monica voters have embraced SMRR’s moral vision and moral goal of maintaining Santa Monica as an economically diverse city. For example, the majority of Santa Monica voters voted to add rent control to the City Charter (1979); voted 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 lower and moderate income households (1990); voted to add to the City Charter authorization to expend City funds for affordable housing (1998); voted to increase the local sales tax to generate new funds for affordable housing after the State eliminated redevelopment funding (2016); and voted to increase by ballot initiative the real estate transfer tax in order to expand the City’s rent subsidy and affordable housing production programs (2022).

A majority of Santa Monica voters also repeatedly have elected SMRR endorsed City Council majorities that took action to implement the moral vision and moral goal of Santa Monica as an economically diverse city. For example, prior City Councils facilitated the creation of a community-based non-profit affordable housing developer and operator, Community Corporation of Santa Monica (1982); zoned for mixed-use developments on commercially zoned properties, commercial boulevards, and in the downtown (1990s through the present); imposed by ordinance inclusionary zoning affordable housing requirements on for-profit developers that provide increased height and density in exchange for increased inclusionary requirements (1992 through the present); dedicated public land and spent public funds to create deed-restricted affordable housing (1979 through the present); dedicated close to 40% of redevelopment funds to affordable housing—twice the state mandate of at least 20% (1990s through the State’s elimination of redevelopment during the Great Recession); dedicated to affordable housing all of the one-time redevelopment loan repayments from the State (2017 through the present); and created and expanded a local rent subsidy pilot program to keep extremely low and very low income seniors in their long time homes (2017 through the present).

Finally, the majority of voters in the 2024 City Council election voted for four new SMRR-endorsed Councilmembers, all of whom stated during the campaign their support for the creation of more deed-restricted affordable housing.

Creating Approximately 3,000 Below Market Rate Housing Units At The Santa Monica Airport Post-Closure Is Essential Both To Maintaining Santa Monica As An Economically Diverse City And To The Council Complying With Its Charter Obligations Under Proposition R

Tonight’s discussion of the post-closure use of the Santa Monica Airport is about the long-term future of our City. If that long-term future is to include a place for lower and moderate income households, the use of some of the public land at the Santa Monica Airport for approximately 3,000 below market rate housing units is essential.¹

As explained in the most-recent Santa Monica Rent Control Board Annual Report, in 1998, prior to State-mandated vacancy decontrol, 84 percent of all Santa Monica rent-controlled units were

¹ SMRR believes that it is premature at the present time to take a position regarding the precise make up of these units in terms of bedroom size or maximum income level. Both State law and Santa Monica law seek in various ways to encourage the production of units that are deed-restricted as affordable to lower or moderate income households (as variously defined in those laws). SMRR recognizes that to date severe rent burden (paying more than 50% of household income for rent and utilities) is almost exclusively a problem for lower income households, and that rent burden (paying more than 30% but no more than 50% of household income for rent and utilities) is almost exclusively a problem for lower and moderate income households (with the incidence higher the lower the household income level). See Footnote 3 below. SMRR also recognizes that the consequence of rent burden is greater the lower a household’s income because at the exact same level of rent burden expressed as a percentage of household income, a household with less income necessarily has less after rent income to spend on the other necessities of life than a household with more income. However, SMRR further recognizes that the only Santa Monica housing affordable to households somewhat above moderate is a portion of the rent control stock that becomes available over time, and that the market will not create newly constructed units that are affordable to such households. See Footnote 4 below. SMRR finally recognizes that innovative financing models, including social housing, the potential to set aside units for specific types of workers (e.g., teachers), and potential continued increases in rents relative to increases in household incomes may call for including above moderate—but below market—housing among the approximately 3,000 deed-restricted units SMRR believes should be created at the Santa Monica Airport after closure.

affordable to lower-income households. Today, virtually no rental units are affordable to lower-income households, except for deed-restricted affordable units.² As a result, HUD’s most recent CHAS data estimates that 10,375 of the current 14,350 lower-income Santa Monica renter households (72.3%) are rent burdened (i.e., pay more than 30% and up to 50% of their limited incomes for rent and utilities), including 6500 such households (45.3% of the current total lower-income Santa Monica renter households) that are severely rent burdened (i.e., pay more than 50% of their limited incomes for rent and utilities).³

Critically, current initial rent levels preclude any new lower-income households from moving into housing in our community, except deed-restricted affordable housing, including the many lower-income households headed by the hotel workers, restaurant workers, and retail workers whose labor each day is essential to our City obtaining the Transient Occupancy Tax and Sales Tax revenues that provide much of the funding for the City services enjoyed by Santa Monica residents. In particular, our rent-controlled units, which by definition are at least 45 years old, command a lower initial rent than newly constructed units. Yet, even a household earning the absolute maximum income that HCD classifies as lower income would have to spend between 35.6% of that income (for single person household renting a studio apartment) and 41.6% of that income (for a four person household renting a two bedroom apartment) in order to cover the median initial rent for the smallest possible Santa Monica rent-controlled unit that could accommodate a household of that size. And all of the lower-income households that do not make that absolute maximum income would have to pay an even higher percentage of their income to cover that median initial rent. Indeed, every household that HCD classifies as very low income would have to pay far more than half their limited incomes to cover that median initial rent.⁴

² See 2023 Santa Monica Rent Control Board Annual Report (“2023 SMRCB Report”) at 26 (bottom paragraph), available at <https://www.santamonica.gov/media/Document%20Library/Detail/Rent%20Control%20Charter%20Amendment%20&%20Regulations/SMRCB%202023%20Annual%20Report.pdf>.

³ See 2017-2021 HUD Comprehensive Housing Affordability Strategy (“CHAS”) data, available at <https://www.huduser.gov/portal/datasets/cp.html>.

Income by Cost Burden (Renters only)	Cost burden > 30%	Cost burden > 50%	Total
Household Income less-than or= 30% HAMFI	4,620	3,780	6,820
Household Income >30% to less-than or= 50% HAMFI	3,190	1,860	3,690
Household Income >50% to less-than or= 80% HAMFI	2,565	860	3,840
Household Income >80% to less-than or= 100% HAMFI	1,560	325	2,880
Household Income >100% HAMFI	1,895	40	16,115
Total	13,830	6,865	33,345

⁴ See 2023 SMRCB Report at 26, at Figure 24 (median initial rent level in 2023, by unit size); 2023 California Department of Housing and Community Development State Income Limits for Los Angeles County, available at <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/income-limits-2023.pdf>. The calculation presented above assumes that a single person household rents a studio apartment, a two-person household rents

These facts demonstrate that Santa Monica cannot remain an economically diverse City without creating deed-restrict affordable housing. While the City can (and in accordance with 2022 Measure GS must) address the rent-burden crisis faced by current lower-income Santa Monica households in part through expanded rent subsidy programs, new deed-restricted affordable housing also is a part of the solution. Moreover, over time life circumstances will lead long-term lower income households to leave existing long term (and therefore much more affordable) rent controlled units, and will be replaced by higher income tenants who can afford the then current initial rents for such units (thereby reducing the number of lower-income households in the City). Further, the City—in accordance with State mandates—necessarily will be significantly increasing its housing supply with very expensive market rate units, thereby reducing the share of Santa Monica households who are lower income if new deed-restricted housing for lower income households is not also created. Additional deed-restricted affordable units therefore are necessary to prevent Santa Monica from becoming an economically gated community.

The majority of Santa Monica voters long ago mandated that the City Council take action to assure the creation of newly constructed housing units affordable to lower and moderate income households. By 1990 Proposition R, Santa Monica voters added Section 630 to the City Charter. Section 630 provides (bolding added):

The City Council by ordinance shall at all times require that not less than thirty percent (30%) of all multifamily-residential housing newly constructed in the City on an annual basis is permanently affordable to and occupied by low and moderate income households. For purposes of this Section, “low income household” means a household with an income not exceeding sixty percent (60%) of the Los Angeles County median income, adjusted by family size, as published from time to time by the United States Department of Housing and Urban Development, and “moderate income household” means a household with an income not exceeding one hundred percent (100%) of the Los Angeles County median income, adjusted by family size, as published from time to time by the United States Department of Housing and Urban Development. **At least fifty percent (50%) of the newly constructed units required to be permanently affordable by this Section shall be affordable to and occupied by low income households.**

State and local inclusionary housing requirements—which require for profit developers to deed-restrict a portion of their units for low and moderate income households, in exchange for the right to build taller and denser projects—cannot by themselves meet the requirements of City Charter Section 630. At the present time, given current State and local law, 15% or less of the units in new market-rate development projects in Santa Monica are deed-restricted affordable units. Meeting the requirements of City Charter Section 630 has always required—and in the future will continue to require—that public resources be devoted to creating new deed-restricted affordable housing units, including public land.

a one-bedroom apartment, and a four person household rents a two-bedroom apartment. (footnote continues on next page)

(footnote 4 continued)

Using the same approach demonstrates that the median initial rent is less than 30% of the income of a household earning maximum amount that HCD defines as moderate income.

Creating Approximately 3,000 Below Market Rate Housing Units At The Santa Monica Airport Post-Closure Need Not Preclude In Any Way Any Of The Park-Related And Other Uses That The Community And SMRR Also Wish To See Created

Section G of the SMRR platform has long provided that:

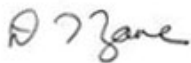
SMRR is committed to the restoration and expansion of our parks and our public open space and their recreational facilities and programs. Santa Monica parks should be the pride of our community.

SMRR sees no conflict between this position, and its position that approximately 3,000 below market rate housing units should be created at the Santa Monica Airport post-closure.

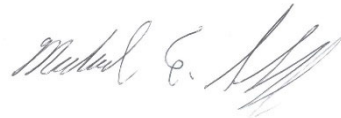
The Santa Monica Airport site is approximately 200 acres. If, for illustrative example only, you wanted to put 60 units per acre, which is far less dense than many current affordable housing projects in Santa Monica, 3,000 units could be accommodated on just 25% of that land.⁵ While aesthetic values, financing opportunities, a desire to maximize parkland, and/or other values might ultimately lead the voters to embrace somewhat more or less density, which in turn would require somewhat more or somewhat less of the land be devoted to the creation of approximately 3,000 below market rate units, the point remains that the creation of those units at the Santa Monica Airport post-closure need not prevent in any way any of the park-related or other uses the community and SMRR also would like to see created.

Thank you for your consideration of SMRR's views on this important matter.

Sincerely,



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



Mike Soloff
Co-Chair, Santa Monicans for Renters' Rights

⁵ See, e.g., 4/17/24 Application of Venice Housing Corporation to California Tax Credit Allocation Committee ("CTAC") regarding 1624 20th Street in Santa Monica (78 one, two and three bedroom units in a seven story building on 0.46 acre site—project approved for financing by CTAC); 2/24 EAH Housing Presentation to Santa Monica Housing Commission regarding 1318 4th Street in Santa Monica (122 studio, one, two and three bedroom units in a six story building on 30,000 square foot (i.e., 0.69 acre) site—project approved by City Council on public land); 3/2/23 Staff Report to Santa Monica Architectural Review Board regarding 1834-1848 14th Street (73 one, two and three bedroom units in a four story building on 30,060 square foot (i.e., 0.69 acre) site—project completed).